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# THE RICARDIAN SOCIALISTS

BY

ESTHER LOWENTHAL, A. M.

*Assistant in Economics, Smith College*

SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS  
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY  
IN THE  
FACULTY OF POLITICAL SCIENCE  
COLUMBIA UNIVERSITY

NEW YORK  
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## PREFACE

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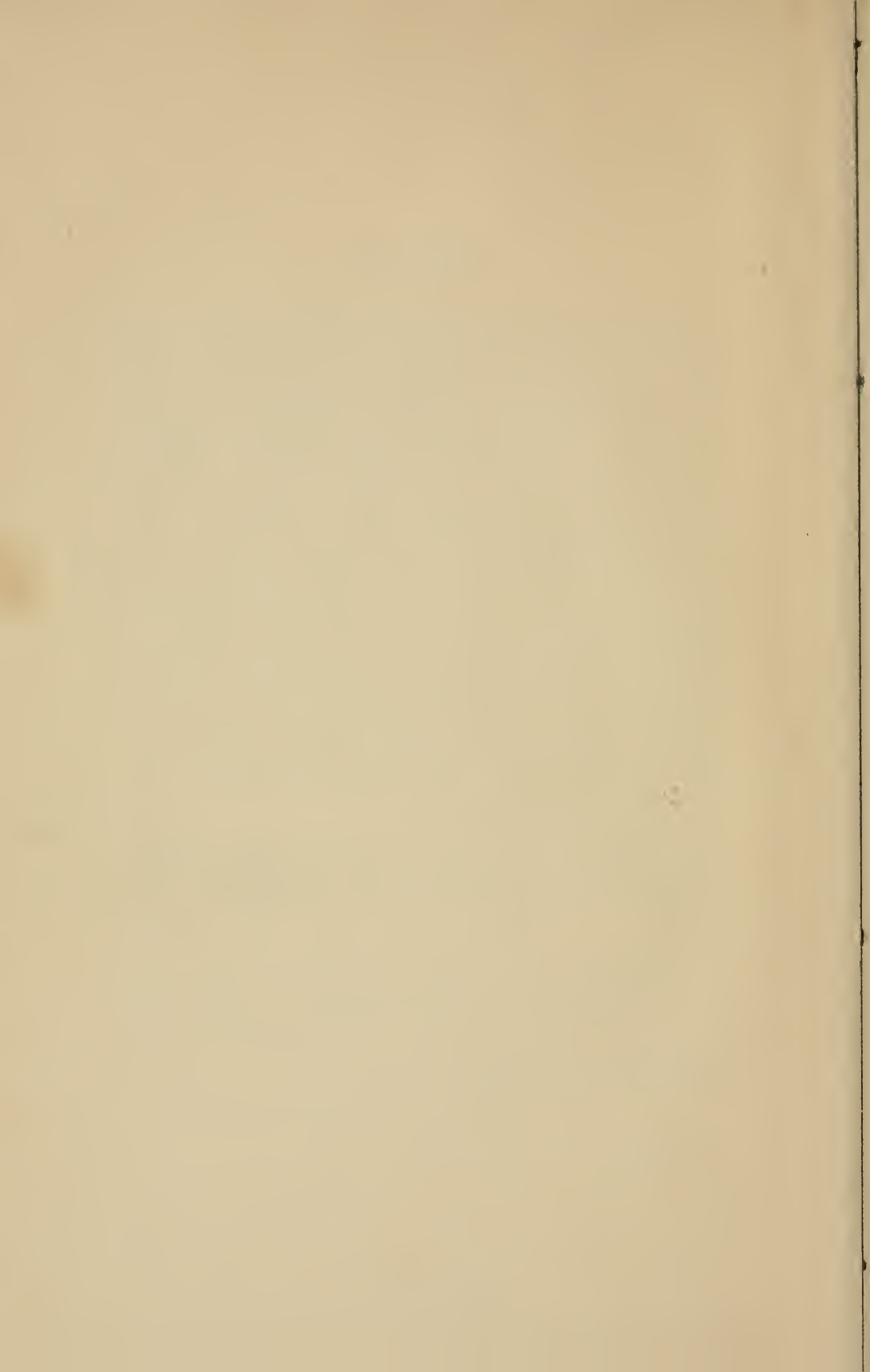
ANYONE who should now dip into the works of the Ricardian socialists could not fail immediately to recognize the significant position they occupy in the history of socialistic theory. Writing as they did in the decades from 1820 to 1840, they followed the French or idealistic socialists and preceded the scientific school. A cursory reading would show that though the writers of the group differ in the degree, they all preserve to some extent the traditionally Utopian tone. It is at the same time evident that they add a new basis for their schemes of reform, the economic. The importance of this addition was recognized by Karl Marx whose extended reading at the British Museum had discovered to him the already rare writings of his English precursors. In spite of Marx's numerous references to them, the significance of these writers was not recognized until Professor Foxwell's brilliant review gave them their position in the history of socialism.

The following monograph is an attempt to estimate the relative importance of the Utopian and the scientific elements in the reasoning of these socialists and to examine in some detail their political and economic theories.

The writer is glad of the opportunity to acknowledge her indebtedness to Professor Edwin R. A. Seligman of Columbia University for his advice and assistance, and for his generosity in putting at her disposal his valuable collection of socialistic literature.

ESTHER LOWENTHAL.

ROCHESTER, N. Y., SEPTEMBER, 1911.





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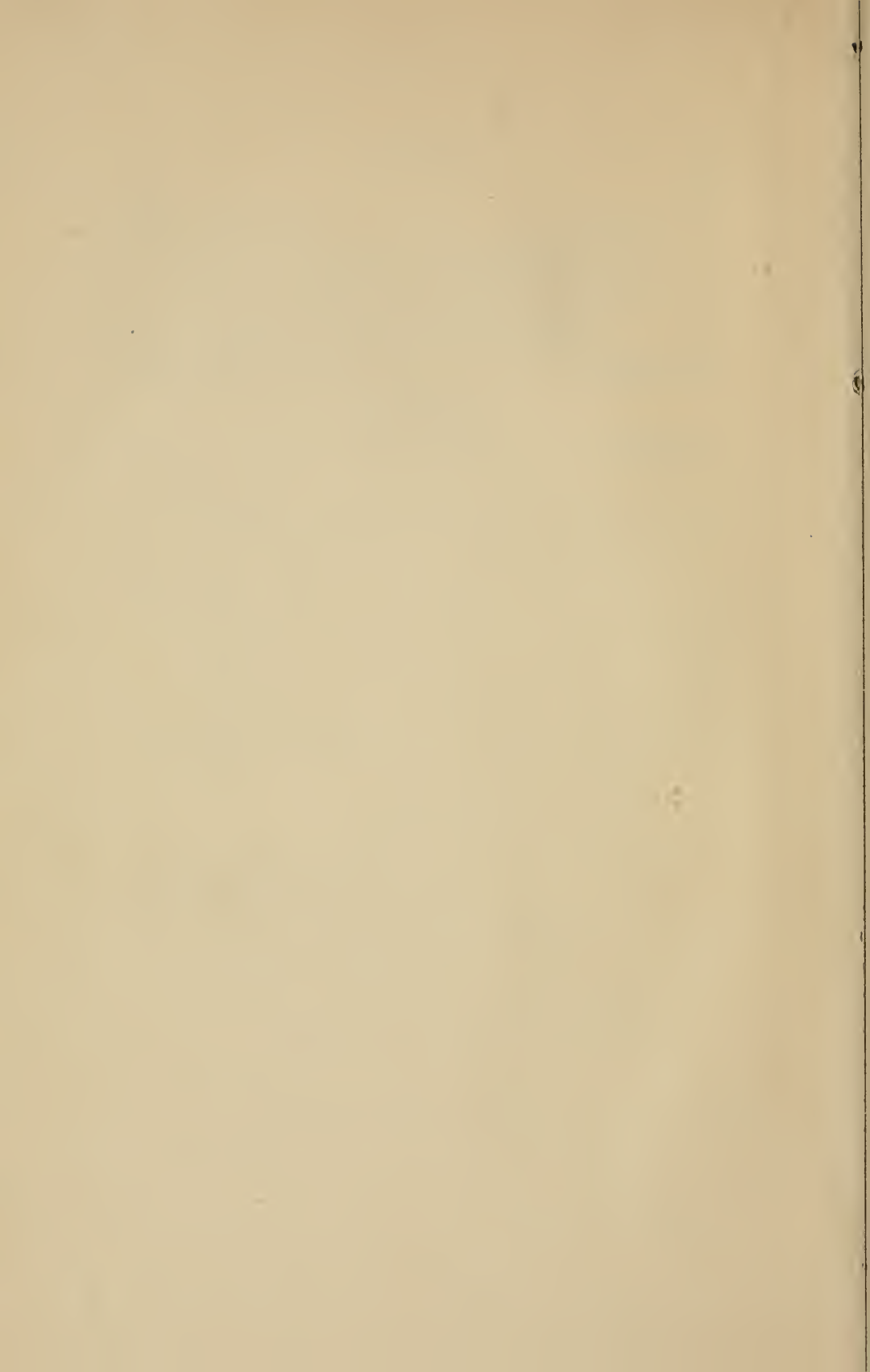
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## CHAPTER I

### INTRODUCTION

#### *The Period*

WHEN in any period there is a concentration of thought on one subject or group of subjects, it is proper to seek for a cause in the character of the period. The first half of the nineteenth century was remarkable in England for its continuous and persistent discussion of political and economic problems. Years of debate and determined campaigning preceded each of the great reform bills, the combined results of which did so much to establish modern democracy. After long effort the repeal of the combination laws took place in 1824-5, which gave the laborers the right of association. In 1832 the Parliamentary reform bill was enacted, in 1834 the reform of the Poor Law, in 1842 the repeal of the duties on corn. Meanwhile there occurred the campaign against the stamp duties, not finally triumphant, however, till 1855, the demand for the extension of public education, and the agitation for the penny post, all efforts to increase the educational opportunities of the people. There were carried on at the same time the momentous investigations which led to the regulation of factory conditions and the reformation of prisons.

The age which was thus remarkable for its reforming energy and progressive legislation produced, at the same time, a group of writers who furnished the intellectual counterpart of these activities. The early part of the century saw the rise of the group of economists who have come

to be known as the Classical School; somewhat later the coöperative press became very active; and from 1824-40 there came into being a vigorous and outspoken socialist literature. How very active the radical thinkers became may be judged from the number of conferences organized for the discussion of their plans. There were held in the years 1830-34 seven coöperative congresses, and in the eleven succeeding years there were no less than fourteen devoted to the discussion of socialism.

This outbreak of political activity and economic thought finds an explanation in the financial conditions which prevailed in England after 1815. For, it will be recalled, the period of the Napoleonic wars saw the rise and development of modern industry. The series of inventions from Hargreave's construction of the spinning-jenny in 1770 to the perfecting of the power loom in 1813, had brought about those changes in the organization of manufacturing known as the industrial revolution. In the north of England, in the neighborhood of the coal fields, factories sprang up, and thither, from the agricultural south and the hamlets and villages where household production had flourished, the people flocked to answer the new demand for labor. Population increased and became concentrated in large cities. England changed in a generation from a farming to a manufacturing nation. But as these changes had been so rapidly consummated largely because of the commercial isolation in which England found herself as a result of the disturbances of the war, so after the peace the inevitable reaction set in. The young and expanding industry received a severe setback. To the years of depression which followed, Walter Bagehot attributes the great development of economic theory which we have noted. He says that "for the thirty years succeeding the peace of 1815 England was always uncomfortable: trade was bad, employment scarce, and all our

industry depressed, fluctuating and out of heart. . . . So long' as this misery and discomfort continued there was a natural curiosity as to the remedy; business being bad, there was a great interest in the 'science of business.'"<sup>1</sup>

Bad trade and unemployment may stimulate among the upper classes a philosophical interest in causes; among the workers it rouses often a revolutionary demand for alleviation. And not only were the laborers suffering from the misery always attendant on a trade depression, but they suffered as well from the hours and conditions of work which in this early period of the great industry were inhuman. These circumstances could not fail to produce a generation of radicals. So while the economists were advocating a *laissez-faire* type of reform, there grew up the counter agitation we have referred to, for communism and socialistic reorganization. Robert Owen guided to a large extent the experiments in communism. The socialistic agitation probably received its inspiration from a small group of writers who have been called the Ricardian socialists. Among these men the most prominent were Thompson, Gray, Hodgskin and John Francis Bray, and they have been chosen for discussion in the following chapters. After exercising considerable influence on their generation, these writers were forgotten until Professor Foxwell's stimulating study and Dr. Anton Menger's chapter on Thompson<sup>2</sup> again brought them to the notice of students.

Before proceeding further it may be well to state what is implied in the term Ricardian socialism. In a general way it may be said that socialists are those who are convinced that private property in the means of production combined with the competitive system of industry is unjust

<sup>1</sup> Bagehot's *Works*, Hartford, 1889, vol. v, p. 406.

<sup>2</sup> Anton Menger, *Right to the Whole Produce of Labour* (with Professor Foxwell's Introduction), London, 1899.

to the working classes, and who advocate consequently the abolition of such private property and of competition. Such a conviction may arise from an investigation of economic phenomena and a realization of the influence of economic forces in determining social development. Where this is its origin, it may best be described by the label Marx and Engels made famous, scientific socialism. Or it may be a belief founded only on a faith in the power of a change in the social order to produce greater social happiness. Socialists of this second type, not greatly interested in the present economic organization, are preoccupied in elaborating forms of organization for the society of the future. Such idealists Marx and Engels called Utopian socialists. When Thompson and his intellectual fellows among the English radicals are called Ricardian socialists, it is implied that they belong to the first or scientific school, for Ricardo's theory was the "science" of his day. The extent to which it may be ascertained that it was Ricardo's analysis which they used as the basis of their reasoning will determine the propriety of this classification.



## CHAPTER II

WILLIAM THOMPSON

d. 1833

An Inquiry into the Principles of the Distribution of Wealth. London, 1824.

Appeal of One-Half the Human Race, Women. London, 1825.

Labour Rewarded. London, 1827.

Practical Directions for the Speedy and Economical Establishment of Communities. London, 1830.

### I. INTRODUCTION

#### (a) *Thompson's Life*

OF Thompson's life little is known. William Pare, his disciple, editing in 1850 a new edition of the "Distribution of Wealth," gives a brief biographical notice,<sup>1</sup> most of the facts of which had been stated with much edifying comment in one of the dialogues of J. Minter Morgan's "Hampden in the Nineteenth Century."<sup>2</sup> The record, brief as it is, is not without significance.

William Thompson was born probably about 1783<sup>3</sup> in county Cork, where he died at Clonnkeen in 1833. He was the proprietor of an estate of fourteen hundred acres,<sup>4</sup> on the rents of which, so he tells us in the preface to his pam-

<sup>1</sup> *Distribution of Wealth*, London, 1850. A new edition by William Pare, pp. xvi-xviii.

<sup>2</sup> (J. Minter Morgan,) *Hampden in the Nineteenth Century*, London, 1834, vol. ii, ch. x.

<sup>3</sup> *Ibid.*, p. 325.

<sup>4</sup> *Ibid.*, p. 299.

phlet "Labour Rewarded," he had lived for many years. Whether he ever engaged in business or followed any profession we have not been able to discover. Pare states that he spent several years as a guest of Bentham, whose letter of invitation is the sole record of the visit preserved by Bowring.<sup>1</sup> In memoirs of the period Thompson is occasionally mentioned in connection with the coöperative movement. John Stuart Mill records a debate lasting through three months carried on by the Philosophical Radicals against the Owenites, whose "principal champion . . . was a very estimable man with whom I was well acquainted, Mr. William Thompson, of Cork, author of a book on the Distribution of Wealth, and of an 'Appeal' in behalf of women against the passage relating to them in my father's Essay on Government."<sup>2</sup> It is probable that Mill at the time of writing the Autobiography recalled only vaguely the "Appeal," for he could not otherwise have failed to note in its occasion and spirit the striking parallel between it and his own "Subjection of Women," written forty-four years later.<sup>3</sup> In his will dated 1830 Thompson directed that the bulk of his estate be devoted to the establishment of coöperative communities,<sup>4</sup> and further provided that his body "to aid in conquering the foolish, but frequently most mischievous prejudice, respecting the benevolent . . . process of examining dead bodies, incapable of feeling, for the benefit of the living . . . be publicly examined by a lecturer on anatomy, on condition of his returning the bones . . . to be preserved in the Museum of Human and Com-

<sup>1</sup> Bentham's *Works*, Edin., 1843, x, pp. 506-507.

<sup>2</sup> Mill, J. S., *Autobiography*, N. Y., 1873, 7p. 124-125.

<sup>3</sup> Foxwell's note, Menger, *Right to the Whole Produce of Labour*, p. xlvii.

<sup>4</sup> *Distribution of Wealth*, 1850, p. xvii; *Hampden in the Nineteenth Century*, vol. ii, pp. 298-299.

parative Anatomy.”<sup>1</sup> In this he was probably following the example of his master Jeremy Bentham, whose skull, preserved in a Webb street School of Anatomy, was reverently viewed, so he tells us, by the radical cabinet-maker Lovett.<sup>2</sup>

According to Minter Morgan,<sup>3</sup> Thompson was retiring and visionary, one who “passed more of his time in study than in society, and more with his own thoughts than with his books.” He was from birth delicate in health,<sup>4</sup> and for some seventeen years<sup>5</sup> before his death a teetotaler and vegetarian. It is not surprising then to find more than a little optimism in Thompson’s works. He is just the type of man of delicate organization, oppressed by the sight of suffering or the thought of injustice, to construct a solacing system through which justice and happiness would, in the phraseology he liked to use, be “maximized.”

#### (b) *Thompson’s Works*

Thompson’s works number four. The earliest, “An Inquiry into the Principles of the Distribution of Wealth,” published in 1824, was composed according to the preface, written in 1822, in answer to a gentleman who expressed in one of the literary societies of Cork the opinion that the inequality of wealth was a social advantage.<sup>6</sup> The “Appeal of Women,” of which mention has already been made, followed in 1825. It was occasioned by Thompson’s generous

<sup>1</sup> *Distribution of Wealth*, 1850, p. xvii.

<sup>2</sup> William Lovett, *Life and Struggles*, London, 1876, p. 88.

<sup>3</sup> (J. Minter Morgan,) *Hampden in the Nineteenth Century*, vol. ii, pp. 318-319.

<sup>4</sup> *Ibid.*, p. 323.

<sup>5</sup> Thompson, *Practical Directions for the Establishment of Communities*, 1830, p. 203.

<sup>6</sup> *Distribution of Wealth*, 1824, pp. xviii-xix.

indignation at the legal and political disabilities of women as these had been made clear to him by the position of Mrs. Wheeler.<sup>1</sup> In 1827 Thompson published "Labour Rewarded" in answer to Hodgskin's pamphlet, "Labour Defended." He takes issue with Hodgskin's deduction that since capital is not productive, "the holders of capital are therefore unentitled to any share of the national produce." Thompson argues that this reasoning would deprive mental laborers of income, for they cannot be said to produce wealth in the material sense. It is the production of utility, of which physical wealth is only one branch, which constitutes a claim to reward. For the rest, "Labour Rewarded" restates more briefly the reasoning and conclusions of the "Distribution of Wealth," with, however, a more careful consideration of such measures of reform as the repeal of the corn laws and the organization of trade unions.

The "Practical Directions for the Speedy and Economical Establishment of Communities," published in 1830, was the last of Thompson's works. This pamphlet gives a detailed description of the proper planning of the building and grounds and the order of life in a coöperative community. No detail, even to the location of the drain pipes, is too minute for consideration. In the "Distribution of Wealth" and "Labour Rewarded" is contained all that is of importance for Thompson's theory of socialism, and it is these books which will be principally examined.

<sup>1</sup> In an INTRODUCTORY LETTER TO MRS. WHEELER which he prefixed to his *Appeal of Women*, Thompson acknowledged his indebtedness to the lady for his "bolder and more comprehensive views" on a "branch of that high and important subject of morals and legislation, the condition of women, of one-half of the human race, in what is called civilized society." He mentions that she had written on this high subject under feigned names in such of the periodical publications of the day as would tolerate such a theme. He adds that Mrs. Wheeler had been in a situation "to suffer from the inequalities of sexual laws."

## II. THOMPSON'S AIM AND METHOD

(a) *How it Differs from the Economists'*

At the outset Thompson is concerned to make his purpose clear. He is careful to distinguish his own aims from those he attributes to the economists, whose works he regarded as treatises on the art of accumulating national wealth. His own interest, on the other hand, is not in the production of wealth, but in its distribution—an interest he emphasized in choosing the title of his main work—and the many social results flowing therefrom. He addresses himself “to a new science, the social science, or the science of promoting human happiness,” to which “that of political economy, or the mere science of producing wealth by individual competition, must give way.”<sup>1</sup> The new science will consider wealth “not only in its effects on industry and reproduction, but also in its moral and political effects, in every way that it can influence human happiness.”<sup>2</sup> But Thompson's purpose is not so much to trace the relations of wealth and happiness in existing society as to inquire into a system of distribution “which will promote the greatest possible quantity of human happiness or the greatest happiness of the greatest number.”<sup>3</sup> Not the laws of wealth then but the laws of happiness are to be the prime concern. Thompson writes not with the scientific aim of investigation but with the idealist's hope of creating a new society.

In passing, it may be noted that while Thompson accuses the economists of materialistic aims and calls them “mechanical” philosophers, he was far from Marx's scornful

<sup>1</sup> *Appeal of Women*, p. xiv.

<sup>2</sup> *Distribution of Wealth*, 1824, p. iv.

<sup>3</sup> *Ibid.*, p. 1.

opinion that the "bourgeois" economy was capital's system of self-defense.

Not only does he disapprove of the spirit pervading political economy, but anticipating later criticism Thompson takes issue with the concept of the economic man. He considers it his function, as the exponent of the new social science, to steer a middle course between the speculation of the "intellectual" philosophers such as Godwin, who makes man "all thought,"<sup>1</sup> and the "mechanical" speculators with whom "intellectual power and sympathy form no part of the creature, man: he is altogether a mechanical agent, like the plough or the loom or the horses with whose motions he coöperates; and he is to be urged to labour by the same rude means that operate on other animals."<sup>2</sup> Political economy has failed to produce social happiness because it has not kept in view "the complicated nature of man, the instrument to operate with and the creature to be operated upon."<sup>3</sup>

#### (b) *The Hedonic Calculus*

Thompson approaches the new science of happiness with the confidence of one who has happened upon a sure method. Bentham, he says, in formulating the principle of utility, had done "more for moral science than Bacon did for physical science,"<sup>4</sup> and by its aid he hopes to make "the ascertained truths of political economy" useful to his science of human happiness. He attempts to apply the test of utility, *i. e.*, to make a rigid calculation of happiness at every

<sup>1</sup> *Distribution of Wealth*, 1824, p. iv.

<sup>2</sup> *Ibid.*, p. v.

<sup>3</sup> *Ibid.*, p. vii.

<sup>4</sup> *Distribution of Wealth*, 1850, p. xxv.

point in his argument, but initially in his discussion of how the calculation is to be made he demonstrates it to be utterly inapplicable. The problem he sets himself is the selection of an ideal system of distribution, defined as a system which will produce the greatest possible sum of human happiness. The question therefore arises of the "hedonic calculus," of how one is to reckon up happiness. Thompson says that both the intensity and the duration<sup>1</sup> of agreeable sensations are to be considered, and that "if now any one human being could demonstrate that his organization so excelled that of his fellowmen as to enable him to experience indefinitely greater happiness than the rest of the species, his claim, like that of man above the oyster, ought to be allowed."<sup>2</sup> Equal susceptibility would therefore indicate the justice of an equal division of wealth; unequal susceptibility would justify an unequal division. On finding a measure of susceptibility, therefore, rests the usefulness of the greatest happiness principle as a means of selecting a system of distribution.

Proceeding to the argument, Thompson states as a fact the point to be proved, namely, that "all members of society (cases of malformation excepted), being similarly constituted in their physical organization, are capable, by similar treatment, of enjoying equal portions of happiness."<sup>3</sup> If unequal susceptibilities now exist he attributes it to the fact that "similar treatment" has not been and cannot be accorded under the present organization of society. And even granting that ineradicable differences in capacity for happiness should appear, "if we cannot demonstrate *where they are* and in what *proportions*, they can be of no practical use. . . . The fact of their inequality is one thing, the possibility

<sup>1</sup> Cf. Bentham, *Principles of Morals and Legislation*.

<sup>2</sup> *Distribution of Wealth*, 1824, p. 19.

<sup>3</sup> *Ibid.*, p. 21 (section heading).

of measuring the degrees of this inequality, so as to make them serve as the basis of distribution, is another." <sup>1</sup> Further, if there were a mode of measuring such differences "the insurmountable practical difficulty" of choosing impartial measurers would arise. Finally, if such measurers could be found, "accidents, diseases, the progress of the years" would make the table of susceptibility of one year inapplicable to the next. This demonstration of the impossibility of determining individual susceptibility Thompson considers as warrant for assuming proved his first statement "that all members of society . . . are capable of enjoying equal portions of happiness."

If the absence of a measure of susceptibility is to be taken as a justification for considering all men equal in this respect, it would be quite logical to consider next the bearing of this condition on our problem of selecting an ideal system of distribution. For it is easy to demonstrate that if men are equal in susceptibility to happiness, the subtraction of, say, the tenth increment of wealth from one man to add it as an eleventh increment to another's supply of goods would cause a loss of happiness. Indeed, if a system of distribution is to be chosen on the greatest-happiness principle and the equal susceptibility of men to happiness is granted, it would seem that a perfectly sufficient argument for communism has been produced.

It is curious that the great principle of the arch-individualist, Bentham, can be so turned to account as a basis for a system of complete equality. Thompson, however, did not so use it, for as a familiar friend of Bentham he could not overlook the main-spring of conduct on which that philosopher relied to get men into action. If wealth is to be equally divided, would self-interest fail? In other words,

<sup>1</sup> *Distribution of Wealth*, 1824, p. 23.



under a system of equality, would sufficient wealth be produced to go round? "The important problem . . . to be solved," as Thompson himself states, "is how to reconcile equality with security: how to reconcile just distribution with continued production."<sup>1</sup> He must, after all, before solving the question of an ideal distribution, consider the "mechanical" matter of production.

The argument from this point may be considered as a contrasting of the motives to production and the probable social results to be expected from three different systems of industrial organization. The first of the systems is the present method of "constraint by mingled force and fraud," or the abstraction of wealth from the many for the benefit of the few; the second is that of "security," where each is to have his own through the recognition of the right to the whole produce of labor; the third is the system of equality, which may be considered as having received a preliminary sanction from the principle of utility.

### III. CHOICE OF A SYSTEM OF DISTRIBUTION ON THE GREATEST-HAPPINESS PRINCIPLE

#### (a) *The Present or System of Insecurity*

Thompson, considering the society of his day, found inequality in the distribution of wealth its most salient feature. To account for this condition of inequality he had a ready explanation, "insecurity," or the forced abstraction of wealth from its producers. He was not much concerned with supplying a proof of this condition, or rather he had a proof which dispensed with much laborious investigation. It consisted of the following reasoning: All wealth is the product of labor. All men are equal or nearly so, and

<sup>1</sup> *Distribution of Wealth*, 1824, p. xiv.

therefore capable of producing equal quantities of wealth. Wealth is unequally divided, therefore the few possessors must "abstract" it from the many producers.

The causes of the system of insecurity may be thus summarily disposed of. Not so the characterization of the system, to arrive at which an elaborate calculation of happiness must be made. The first point Thompson makes in his adverse characterization, is that "the forced abstraction of the products of labour from any individual will cause more loss of happiness to him than increase of happiness to the person acquiring."<sup>1</sup> Moreover, successive increments of wealth as they are accumulated in the possession of one person become successively less capable of producing happiness.<sup>2</sup> Here Thompson presents, it must be pointed out, all the psychological machinery which has been so useful in the hands of the Austrians in deriving a workable theory of value, but he himself had been too well schooled in the cost side of the value problem to make the application.

A further indictment of the system of insecurity is that in depriving the laborer of the most efficient motive to production, *i. e.*, the possession of his product, it is relatively unproductive. Only through equal security can the greatest production be brought about. The system of insecurity, then, produces neither the greatest happiness nor the greatest wealth. It goes near instead to producing a despotism. For "by throwing into the hands of a few the dwellings of the whole community, the raw materials . . . the machinery and tools . . . and the very soil, these few by combining together, seizing on . . . political power, reserving knowledge to themselves, . . . acquire the absolute regulation of the remuneration of all the productive laborers of the community, and possess the faculty of forcing that com-

<sup>1</sup> *Distribution of Wealth*, 1824, ch. i, sec. 8.

<sup>2</sup> *Ibid.*, p. 93.

munity, or any portion of it, to starve, whenever . . . the exercise of their industry does not . . . yield such a return as will not only give ordinary support to the laborers, but also that quantum of the products of the labor to themselves, under the name of profits on capital, which they have been accustomed . . . to look upon as their due."<sup>1</sup> Whether Thompson considers such excessive concentration of wealth as the necessary outcome of the capitalistic system is rendered uncertain by his stating that in non-slave United States "the restraints both of political power and almost of capitalists were in reality withdrawn."<sup>2</sup> He sees further evils of insecurity in the deductions it causes from the national income by maintaining large numbers of idle rich and larger numbers of unproductive laborers to serve them.<sup>3</sup> Finally, great wealth in the hands of individual owners directs industry by whim, and after centering labor and capital in certain occupations suddenly "changes and leaves them to shift for themselves."<sup>4</sup>

(b) *The System of Security, or Right to the Whole Produce of Labor*

From this system of insecurity, then, which limits the possible total of happiness and production and results very nearly in economic despotism, we turn to an ideal system of security in which three conditions, called by Thompson "natural laws of distribution," are to be realized. The three laws, which read more like a declaration of rights, are as follows:

<sup>1</sup> *Distribution of Wealth*, 1824, p. 422.

<sup>2</sup> *Ibid.*, p. 422. Thompson probably borrowed from Bentham this belief in the merits of the American system. Cf. Bray's disapproval of it.

<sup>3</sup> *Ibid.*, pp. 141-142.

<sup>4</sup> *Ibid.*, p. 156.

1. All labor ought to be free and *voluntary*, as to its direction and continuance.
2. All products of labor ought to be secured to the producers of them.
3. All exchange of these products ought to be free and *voluntary*.<sup>1</sup>

This system has the advantage of producing "the strongest stimulus to production that the nature of things will permit;" by it production would be increased and capital accumulated with a rapidity and to an extent hitherto unknown.<sup>2</sup> There are, however, limits to security which immediately suggest themselves. In the first place, there is the large mass of natural wealth, such as land, mines, etc., to be considered. These goods, Thompson declares, since no labor can be said to have produced them, ought to be equally shared.<sup>3</sup> Moreover, if the conditions of security were strictly carried out society would perish, for neither the young nor the old support themselves.<sup>4</sup>

Now, if the system of security were limited to meet these two requirements, if natural wealth were equally divided and the young and the old made certain of support, would the social division of wealth then approach an equality? On this point Thompson is far from clear, sometimes seeming to believe and at others declaring impossible a reconciliation between the right to the whole produce of labor and the right to equal subsistence. In one place he declares, after stating that security as to wealth implies the three natural laws of distribution above referred to, that "the maintenance of real and equal security tending to the greatest production, leads also to the utmost possible equality.

<sup>1</sup> *Distribution of Wealth*, 1824, p. 6.

<sup>2</sup> *Ibid.*, p. 175.

<sup>3</sup> *Ibid.*, pp. 91-2.

<sup>4</sup> *Ibid.*, 1824, p. 95.

. . . So far from being irreconcilable with each other, it is only by an undeviating adherence to (real) equal security that any approach can be made to equality.”<sup>1</sup> On the other hand, he states that “as far as concerns labour by individual competition, . . . security is not reconcilable with equality of distribution.”<sup>2</sup>

It is characteristic of Thompson that in the many-sided review of the principle of the laborer's right to his whole produce he should express his belief that the ascertainment of this product is impossible,<sup>3</sup> and yet should not consider this argument decisive against the principle. He does indeed abandon this first approximation to an ideal and bring forward equality, but on other grounds. Though acknowledging that a system of free competition combined with equal security would, as compared with the actual system, “increase useful activity, knowledge and benevolence,” yet he finds deterrent evils in the nature of free competition itself. These are :

1. The principle of selfishness as a motive.
2. Wastes and mischiefs of individual family arrangements.
3. Unprofitable modes of individual exertion from the limited field of judgment open to individual minds.
4. Lack of resources for sickness, old age, and other accidents.
5. The despotism caused by the individual ownership of property.<sup>4</sup>

<sup>1</sup> *Distribution of Wealth*, 1824, p. 97; cf. p. 150.

<sup>2</sup> *Ibid.*, p. 150; *Distribution of Wealth*, 1850, p. 110; cf. *Labour Rewarded*, pp. 32-33.

<sup>3</sup> *Distribution of Wealth*, 1824, p. 37; *Labour Rewarded*, p. 33.

<sup>4</sup> *Distribution of Wealth*, 1824, pp. 368-369.

(c) *The System of Equality*

To avoid these evils, to obtain the advantage of security, and to bring about a condition of equality, it is only necessary by education and persuasion to set forth the benefits of a plan of organization discovered by "Mr. Owen of New Lanark in Scotland." "Though labor might be secured in the *right* to the whole product of its exertions, it does not follow that labor might not, in order to insure a vast increase of production and enjoyment to everyone, as well as mutual insurance against all casualties, *voluntarily agree before production* to equality of remuneration."<sup>1</sup> Mr. Owen's scheme replaces individual with social security, and "professes to require no restraint on the full enjoyments of equal distribution."<sup>2</sup> So the long pursuit of an ideal scheme of distribution culminates in the advocacy of a coöperative community on Owen's plan, in which all the details of consumption and of individual life are to be regulated. In the community "supply and demand, population and other contested questions of morals, legislation and political economy, will be reduced to fixed data." The establishment of the community is to be brought about by scrupulously voluntary methods. "Compulsory equality . . . can form no model for free men."<sup>3</sup> Persuasion free of "false representation or the suppression of facts" and the example of a model community are to be relied upon for speedily bringing the world over to the new life.

(d) *Summary*

It will be well to summarize the argument as we have presented it up to this point: Thompson starts from the

<sup>1</sup> *Labour Rewarded*, p. 37.

<sup>2</sup> *Distribution of Wealth*, 1824, p. 385.

<sup>3</sup> *Ibid.*, p. 383.

problem of poverty, from the spectacle of want in the midst of abundance, or of inequality in the distribution of wealth, to discover a more beneficent system. He declares his allegiance to the principle of utility and attempts to use it as a test at every point in his reasoning; this, it will be recalled, after he has demonstrated that the greatest happiness of the greatest number cannot be ascertained. He defines the existing system as one of force and fraud by which "forced abstractions are made from the product of the laborer." He proves by an application of the test of utility that an equal division of wealth would, if it were sufficiently productive, be the ideal system. A plan, one of equal security or of granting to each producer his whole product, is suggested. This is the ideal system so far as mere production is concerned, for it embodies the highest possible stimulus to exertion. It is called a system of free individual competition, and abandoned in favor of the system of equality on the ground that the motives to action it involves are those of antipathy and individual short-sightedness. It is thought that an equal diffusion of knowledge and the inspiration to be derived from the spectacle of an ideally constituted co-operative community will bring men over to the plan of the equal division of wealth.

It will be useful, in the attempt to define Thompson's place among socialists, to determine how many steps in the above argument are due to reasoning which may be called economic. The accusation against the present system is that it robs the laborer. This charge, if it is sustained by an economic analysis of society, would contain almost the whole of economic socialism. But the economic analysis, as will be shown in the next section, is most cursory. The system of security is advocated for an economic motive, its productivity, but it is abandoned for moral reasons, and Owen's communistic scheme brought forward on the ground that

it would be operated through the motive of benevolence. The turning point, therefore, of the argument is the old Utopian faith in human perfectionism and the emphasis throughout all Thompson's works is preponderantly on this aspect of the question. The economic analysis is incidental and almost overlaid. It may be questioned whether Thompson's socialism could ever have played, as Marx's system has, the part of a strongly critical stimulus to economic theory. We shall, however, reserve final decision on this question until we have gathered together in the next section the fragmentary parts of his economic system.

#### IV. ECONOMIC ANALYSIS

##### (a) *Nature and Measure of Value*

Thompson, like many a socialist since his day who has wished to prove that wealth is produced solely by labor, excludes from his definition of wealth all things not so produced. Yet his definition of wealth, which includes as well his discussion of value, is exceedingly interesting. It shows that, as is too often the case, his power of observation outruns his power of coördinating. There are more elements in his idea of value than he takes account of in his final formula.

"Wealth is produced by labor: no other ingredient but labor makes any object of desire an object of wealth. Labor is the sole universal measure, as well as the characteristic distinction, of wealth. . . . The agency of nature constitutes nothing an object of wealth: its energies are exerted altogether equally and in common, in the production of all the means of enjoyment or desire, whether objects of wealth or not objects of wealth. Labor is the *sole* parent of wealth."<sup>1</sup> In this Thompson, except as to the heroic as-

<sup>1</sup> *Distribution of Wealth*, 1824, pp. 6, 7.



sumption of an equal scattering of the gifts of nature, follows the precedent of the classical economists. He notes utility and labor cost as two elements of value, but takes account only of the latter. It is reminiscent in particular of Adam Smith<sup>1</sup> that Thompson should add that it is not only labor spent which constitutes value, but labor *saved* as well. "In parched sandy countries a well of water is a source of wealth. . . . Labor was not necessary to make the well, nature, we shall suppose, having produced it: nor is the labor of drawing out the water to be alone estimated. But the existence of the well is that spot *saves the labor* that would be otherwise necessary to bring water there from its nearest supply; and the value of the well is to be measured by the quantity of the labor thus saved."<sup>2</sup> And again it is said that the value of building-ground "depends on the quantity of labor in carriage and otherwise which the situation would save."<sup>3</sup>

Thus it would seem that cost in labor, whether labor expended or saved, is the measure of wealth, but Thompson realized the difficulty which later proved fatal to the cost theory of value. He asserts that though labor is the sole universal, yet it is not an accurate measure of the value of wealth.<sup>4</sup> The labor measure of value is not accurate, because "desires are apt to vary"<sup>5</sup> and labor can be no accurate gauge of desire. Thompson consoles himself with the belief that under representative self-government desires would be so regulated that commodities would exchange at the "value of real use."<sup>6</sup> Among articles of desire he finds a class of goods especially subject to variation, viz ,

<sup>1</sup> *Wealth of Nations*, Bohn ed., p. 30.

<sup>2</sup> *Distribution of Wealth*, 1824, p. 9.

<sup>3</sup> *Ibid.*, pp. 14, 15.

<sup>4</sup> *Ibid.*, p. 16.

<sup>5</sup> *Ibid.*, p. 15.

<sup>6</sup> *Ibid.*, p. 15.

scarcity goods. As an example he cites the value of pleasure-grounds, and he comments: "If nature have limited the supply of the article so that labor cannot furnish the demands of desire, the artificial value of caprice commences. . . . But the value of caprice is limited to the amount of labor necessary to produce similar articles, and it seldom reaches that amount."<sup>1</sup> Ricardo's treatment of value is unsatisfactory, it is true, because his rule of labor cost is largely invalidated by the number of exceptions to it that he brings forward. But surely it is more satisfactory than this reasoning of Thompson's, which constitutes scarcity goods an exception to the rule of labor cost only to bring them in again by his case of "similar articles." This seems the more remarkable in view of the example chosen. It would be extremely difficult to reproduce a similar article in the way of a pleasure-ground.

When articles of desire and scarcity are eliminated the large class of freely reproducible goods remains, and for these in a static state of society "labor employed with ordinary judgment"<sup>2</sup> is an accurate measure. "What is asserted is, that in any given state of society, with any given desires, at any particular time, labor employed with ordinary judgment on objects of desire is the sole measure of their values; and under such circumstances an accurate measure."<sup>3</sup> With these qualifications Thompson makes heroic use of the labor measure, for he finds that the value of land, whether it be "rich or poor," will depend on the quantity of labor guided by the "ordinary skill and judgment bestowed upon it."<sup>4</sup> The importance of the qualifying phrase "with ordinary skill and judgment" is very

<sup>1</sup> *Distribution of Wealth*, 1824, pp. 14, 15.

<sup>2</sup> *Ibid.*, p. 16.

<sup>3</sup> *Ibid.*, p. 16.

<sup>4</sup> *Ibid.*, p. 13.

great, for without it, as Thompson himself points out, value would be said to increase with indolence and faulty workmanship. It is an essential characteristic of any labor standard of value and is given due emphasis by Marx.

It only remains to be said that Thompson, in calculating how the value of agricultural land on an island would be determined, takes into account "the necessary profits of capital, as they are called, and superintendence."<sup>1</sup> He makes no mention of how profits are to be reduced to terms of labor. The example is apparently a slip due to his knowledge of ordinary mercantile methods.

#### (b) *Wages*

The discussion of wages in the "Distribution of Wealth" is incidental to the calculation of the utility of the present economic system. It is assumed that profits, rent and interest are paid from the product of labor, and the argument proceeds to the proof that the happiness yielded by such a system is less than the sum which would result from more equitable principles. In "Labour Rewarded" there is a more careful consideration of wages, in which three aspects of the question are treated. Thompson inquires first into the forces which actually govern the rate of wages. These forces he finds to be a "variety of accidents and chances, comprised in the phrase 'proportion of supply to demand,'" and entirely independent of regular connection with difficulty or utility of work.<sup>2</sup> Among the accidents and chances, knowledge and political power, together with the habits of the workers, are declared to be most influential. Thompson deprecates the emphasis laid on the cheapness of food. There is no connection between the cheapness of food and

<sup>1</sup> *Distribution of Wealth*, 1824, p. 13.

<sup>2</sup> *Labour Rewarded*, p. 33.

high wages, and if the two exist in conjunction it is an accident due to other conditions: quantity of unoccupied fertile land and free political institutions.<sup>1</sup> The mention of land is the only reference Thompson makes to the demand side of the wages question.

The second aspect of the question which concerns Thompson is the system according to which wages ought to be awarded. Here he returns to the old question whether reward should be according to product. He concludes that the happiness resulting from the performance of superior labor is the appropriate recompense, and he looks forward to a time when men will compensate a deficiency of natural ability by a greater appropriation of material wealth. Progress should not be preëminently the production of the fit, but the softening of the lot of the unfit. The greater reward of the efficient, or, to use Thompson's own word, "the meritorious," must be paid, so it seemed to him, at the expense of the less meritorious, wherein he overlooks the possibility of a net gain to society.

After proving the system of reward according to merit undesirable on ideal grounds, Thompson attacks its practicability. Such a system could not be maintained without a backing of "force-supported laws," for it would depend upon a fixed regulation of wages inconsistent with the hit-or-miss system of competition. And as the final and certainly clinching argument against this system, he brings forward the impossibility of determining the contribution of individual labor, an impossibility which makes the long discussion of the utility of this system seem irrelevant.<sup>2</sup>

The solution offered by Thompson in this dilemma is the abandonment of the problem. What cannot be done indi-

<sup>1</sup> *Distribution of Wealth*, 1824, pp. 58-59.

<sup>2</sup> *Labour Rewarded*, pp. 19-20, 29.

vidually may however be done collectively.<sup>1</sup> Since the product of the individual cannot be distinguished, wages should be equal to all and reckoned according to the average product of labor.<sup>2</sup> This system of equality of reward is to be inaugurated by voluntary agreement among workers before production.

(c) *Profits, Interest and Rent*

The foundation of socialism, whether as a theory or as a social movement, is the assertion that wealth is produced wholly by labor. Many socialist systems of the older or Utopian type dismiss with this statement the whole economics of the case. A scientific theory, on the other hand, must offer proof; it must show how it is that if labor produces all wealth, it receives only a part of its product. The crux of scientific socialism is its theory of profits and rent.

Under the most favorable conditions, according to Thompson, there appears to be abstracted from the laborer one-half of the product of his labor<sup>3</sup> under the names of profit and rent. "There can be no other source of this profit than the value added to the unwrought material by the labor guided by the skill expended upon it. The materials, the buildings, the machinery, the wages can add nothing to their own value."<sup>4</sup> Whether this means merely that capital by itself is sterile, or that, when it is being used in combination with labor the undoubted increase is due to labor alone, is somewhat uncertain. For, he continues, without capital, it is said, labor would be unproductive, and doubtless the laborer must pay for the use of capital. The

<sup>1</sup> *Labour Rewarded*, p. 37.

<sup>2</sup> *Distribution of Wealth*, 1824, p. 532.

<sup>3</sup> *Ibid.*, p. 166.

<sup>4</sup> *Ibid.*, p. 127; cf. *Labour Rewarded*, p. 23.

question is how much. The capitalist has his measure, namely, "the added value produced by the same quantity of labor, in consequence of the use of the machinery or other capital; the whole of such surplus value to be enjoyed by the capitalist for his superior intelligence and skill in accumulating and advancing to the laborers his capital or the use of it."<sup>1</sup> Here is a surplus value imputed quite in the manner of modern discussion to the productive power of capital, and this in spite of the round denial of such productivity just preceding it. The laborer, too, has his measure of what would constitute a just compensation to the capitalist, namely, the replacement of capital "with such added compensation to the owner and superintendent of it as would support him in equal comfort with the more actively employed productive laborers."<sup>2</sup> Whether this wage is wholly for superintendence or partly the reward for the accumulation of capital, or for the productivity of capital, is not made clear.

The actual rate of profit is due more to the mode of the distribution of capital than the absolute quantity accumulated. The concentration of capital in the hands of a few owners gives them the power of monopolists to raise prices, or, in other words, the rate of profits. The rise of profits means the lowering of wages, for the laborers are the consumers of capital.<sup>3</sup>

It remains to be shown how capital comes to be in the hands of the few. "By means of mere individual production no *fortune* ever has been, ever could be, accumulated. So great is the love of enjoyment . . . that were one laborer able to produce four times the quantity of another, almost the whole of this increased production would be de-

<sup>1</sup> *Distribution of Wealth*, 1824, p. 167.

<sup>2</sup> *Ibid.*, p. 167.

<sup>3</sup> *Ibid.*, pp. 171-72.

voted to selfish or social enjoyment, and not to accumulation. . . . But suppose that the whole of the production of a very skillful and able laborer, over and above the average consumption of his class, were by him accumulated, what progress would he thereby make in acquiring what we call a fortune? Forcible seizure, fraudulent or voluntary exchanges . . . are the only efficient means of acquiring large masses of individual wealth.”<sup>1</sup> And further: “It is on the regulation of exchanges, then, . . . that the industrious classes must depend for realizing the general proposition that ‘the whole produce of labour should belong to the labourer.’” This regulation must be “neither by force nor by the regulation of law, but by the voluntary agreement of the labourers themselves before production.”<sup>2</sup>

#### V. CONSIDERATION OF MEASURES OF REFORM

##### (a) *Restriction of Population*

Three measures for the amelioration of the lot of the working classes which had been vigorously canvassed by the economists, and which were attracting popular attention, are briefly but forcibly discussed by Thompson.

The first of these is the plan very despairingly advocated by the economists, that, viz., of urging a restriction of the birth-rate among laborers in order to raise wages. Thompson raises the Malthusian query whether over-population among the working classes will always keep down wages, and concludes that it is a “physical possibility but a moral impossibility in the present state of knowledge.”<sup>3</sup> Moreover, since “it requires much less knowledge and energy to regulate population to supply than to ward off

<sup>1</sup> *Labour Rewarded*, pp. 10-11.

<sup>2</sup> *Ibid.*, pp. 12-13.

<sup>3</sup> *Distribution of Wealth*, 1824, p. 423.

the plunder and restraints of political power and of capitalists, this source of evil resolves itself into the others, being produced entirely by them in all but the most savage states of existence."<sup>1</sup> In his later work, "Labour Rewarded," Thompson changes his opinion as to the ease of regulating "population to supply," and in fact concludes that in the present state of society such regulation is impossible. A new tax or a currency law might at any time upset the balance.<sup>2</sup>

1. Even if restriction could be carried out, it would not aid the laborers, for if certain groups of laborers were to restrict their increase, their ranks would be filled up from the unrestricting population groups.

2. If all skilled groups were to restrict their numbers, their ranks would be filled up from unskilled groups.

3. If all laborers of Great Britain resort to restriction, the underpaid of other nations would fill up their ranks.

4. If aliens were excluded, the principle of free trade would fail, and entail on mankind all the evils of force and fraud.

It is impossible, therefore, Thompson concludes, to restrict the supply of labor. But even were this possible, two new evils would immediately spring up. Capital would tend to migrate to lands where cheap labor exists, rendering nugatory the restriction of numbers at home. The competition, moreover, of foreign goods, the product of cheap labor abroad, would threaten the home market.<sup>3</sup>

The division of population into groups and the tracing of the effects of a restriction of population on larger and larger areas is an improvement on the method employed by Thompson's contemporaries. This method has been followed in modern discussion of the subject, although it is to

<sup>1</sup> *Distribution of Wealth*, 1824, p. 426.

<sup>2</sup> *Labour Rewarded*, pp. 68-69.

<sup>3</sup> *Ibid.*, pp. 69-74.



be noted that the modern discussion has considered the small groups of different classes of workers as non-competing, and has therefore reached a result more optimistic than Thompson's. In his discussion of population, as of so many other questions, we have found Thompson involved in contradictions. He finds over-population unthinkable, and yet decides that under existing conditions the regulation of population is impossible. His is the case of the reformer who will advocate as against actual conditions the methods of other reformers, but who, when he compares these methods with his own, finds them incomplete. Thompson's final attitude toward the method of amelioration through restriction of population is that it is at best negative. It promises to the laborer not the whole produce of labor, but only the avoidance of the worst evils of poverty. On the other hand, in a communistic society the diffusion of knowledge and the action of reason through public opinion<sup>1</sup> will make the appearance of this evil unthinkable.

(b) *Abolition of the Corn Laws*

The agitation for free corn was a capitalist's movement, for it was thought that it would result in lower wages. The reasoning was based on the current theories of wages and population which made the ordinary and to-be-expected wage one of subsistence only. Therefore, if the cost of necessaries were lowered, wages also would fall and profits rise in the same proportion. For such a measure Thompson could feel little enthusiasm. With the abolition of the corn laws "*production* might be increased or might be prevented from retrograding: but as to the distribution of those productions, the principles of that distribution remaining the same, the difference would be only in the greater buzz of

<sup>1</sup> *Practical Directions*, p. 230.

activity, in the greater quantity of articles carried to and fro by greater numbers of the industrious, and consumed by proportionately greater numbers of the unenjoying idle." <sup>1</sup>

(c) *Labor Unions*

Unions of laborers are, Thompson recognizes, efforts to lessen the evils of individual competition, and so far as they work by persuasion are to be commended. So far as they employ a system of apprenticeship to limit numbers, they act wrongfully in depriving some laborers of an advantageous market.<sup>2</sup> At best, they can avoid only a portion of the evils of the competitive system, for if they attempt to raise wages at the expense of profits, capital will migrate to other trades.<sup>3</sup> Moreover, if a union should succeed in raising wages in its own trade, (a) laborers from other trades would seek to compete; (b) laborers in the same trade from other countries would lower the wage by migration; (c) unskilled labor would also seek to enter the trade. Against the competition of foreigners there is no just remedy. A central union of all labor might keep wages high, but it would be extremely difficult to establish.<sup>4</sup> Unions are to be commended for spreading intelligence and benevolence among their members, and for softening the conflicts between the industrious and the idle.<sup>5</sup>

Here, as in his discussion of population, Thompson makes a prophecy less optimistic than the results actually achieved, and again because he postulates unlimited international competition among laborers. Like Senior and other classical economists, he considers that an increase of wages will lower the rate of profits, and does not consider

<sup>1</sup> *Labour Rewarded*, p. 58.

<sup>2</sup> *Ibid.*, pp. 75-76.

<sup>4</sup> *Ibid.*, p. 83.

<sup>3</sup> *Ibid.*, p. 78.

<sup>5</sup> *Ibid.*, pp. 85-86.

the possibility that a higher wage may increase the efficiency of the workman. But, unlike Senior, he welcomes what advantage to the laborer there may accrue from the unions. To a modern labor leader, however, Thompson would seem a hopeless visionary, for he would deprive the union of two of its most effectual weapons, the limitation of apprenticeship and the strike.

#### VI. CONCLUSION

##### (a) *Thompson's Theoretical Background*

In tracing intellectual relationships, it is often easy to prove too much, for similarity of view may exist between writers without the direct influence of one mind on the other. With Thompson, however, the case is simplified by his open acknowledgment of two masters, in themselves so unlike, as Bentham and Owen. And perhaps this double discipleship illustrates as much as anything else the vagueness of the great utilitarian principle, the greatest happiness of the greatest number. Bentham, the arch-individualist, based on this principle a political system in which the activity of government was reduced to the minimum; in which the individual was expected to know and to follow relentlessly his own interest; in which by a law of harmony the interest of each was found to be the interest of all. Thompson on the same principle plans a communistic state, or rather advocates one of Owen's planning, in which every detail of individual life is socially arranged for; in which the motive of individual self-interest is supposed not to exist; which is made necessary by the belief that the interest of each is not the interest of all. The vagueness of the utilitarian principle which this antithesis illustrates is due partly to the conception of happiness and partly to the conception of the sum of happiness, *i. e.*, the method by which social happiness is created from the massing of indi-

vidual happiness. To Bentham happiness meant the sum of pleasurable sensations, such sensations being strictly individualistic. "He is as convinced of the unqualified selfishness of the vast majority of human beings as the bitterest cynic,"<sup>1</sup> writes Sidgwick. Yet he believed that it was possible to create a happy society, and not by eradicating the self-love of men, but by so weighting wrong action with punishment that self-love would turn men into the path of virtue. Bentham exercised almost as much faith, seemingly, as the perfectionists, but his faith lay not in the perfectibility of mankind, but in the perfectibility of governmental machinery. An age more experienced in democratic government has learned that quite as much ingenuity can be exercised in avoiding the weights as in constructing them. Thompson, on the other hand, thought that happiness consisted in the consciousness of social well-being; that men were innately benevolent. Government or the principle of force was responsible for existing corruption and selfishness, and the removal of present restrictions would inaugurate the reign of righteousness.

Bentham and his disciples among the economists thought that the greatest happiness would be produced by each relentlessly following his own interest. This method of competition would eliminate the inefficient and give the community the benefit of progress. To Thompson the costs of progress were abhorrent; the elimination of the inefficient a great social injustice. Since he believed men equal and perfectible, the greatest happiness to society meant to him communism. It must be concluded, then, that there was no real connection, but in fact the widest divergence between Bentham and Thompson, and that Thompson used the great-

<sup>1</sup> Sidgwick, *Essays and Addresses*, London, 1904, "Bentham and Benthamism," p. 151.

est-happiness principle merely as a convenient formula for expressing his benevolent inclinations.

Thompson's real kinship is to Godwin, who also based his criticism of society on the principle of utility,<sup>1</sup> and to Owen. With both of them he believes in the paramount power of reason to mould character. With both he insists on purely voluntary action. Like Godwin, he brings forward only to abandon it the laborer's right to the whole produce of labor, but while Godwin goes no further than to declare each man's right to possess such things as so appropriated would produce the greatest happiness,<sup>2</sup> Thompson defines this right as equality of distribution. Godwin objects to coöperation and communism as an interference with individuality and free will.<sup>3</sup> While Thompson shares Owen's enthusiasm for this form of organization, for he is sure that free-will will lead to its adoption.

#### (b) *Thompson and the Economists*

Thompson was familiar with the economic speculation of his day, though it is curious that while mentioning other economists he does not mention Ricardo.<sup>4</sup> The extent to which he used economic principles as the basis of his reasoning, however, is very slight. It is true that he asserts that labor creates and measures value, although, as has been pointed out, he does not consistently hold to this view. He is more interested in discovering the principle which ought to, than the principle which does, regulate wages. He has

<sup>1</sup> Elie Halévy. *L'Évolution de la Doctrine Utilitaire*, Paris, 1901, p. 134.

<sup>2</sup> Wm. Godwin, *Political Justice*, London, 1798, vol. ii, pp. 423, 432-434.

<sup>3</sup> *Ibid.*, vol. ii, bk. viii, ch. viii, appendix.

<sup>4</sup> He mentions Malthus, *Distribution of Wealth*, 1824, p. iii; James Mill, *ibid.*, pp. x, xi, xii, 98; Owen, *ibid.*, p. 298; Mrs. Marcet, *ibid.*, p. xi.

hardly a settled view in regard to the latter except that the laborer is robbed. He denies the productivity of capital, and considers profits and rent as unearned incomes, and yet does not pursue the question far enough even to recognize the difficulty Karl Marx tried so elaborately to solve, viz., that profits accrue equally to fixed and circulating capital. His discussion is fragmentary and cannot be said to constitute an economic theory of socialism unless such a system is formulated by mere assertion.

(c) *Thompson and Scientific Socialism*

The system Thompson thus takes for granted we might expect him to make use of, yet it is not on this that he bases his claim for socialism. He appeals instead to the motive of benevolence which is to carry him so far as coöperative communism. Engels declares that with the discovery of the materialistic conception of history and the secret of surplus value, socialism became scientific.<sup>1</sup> By materialistic conception of history Engels probably meant in this connection the necessity of the class struggle, commercial crises and the social revolution, the familiar Marxian machinery for bringing in the socialistic state. So far as this is concerned Marx is surely not indebted to Thompson, who would utterly have repudiated the use of force. On the other hand, Engels says of the Utopians that to them "socialism is the expression of absolute truth, reason, and justice, and has only to be discovered to conquer all the world by virtue of its own power."<sup>2</sup> To Thompson the communism of the type he chose was the result of a search for the ideal, and he relied on the spectacle of a few model communities to bring the world to that system of industry. Anton Menger himself, while calling Thompson the founder of scientific

<sup>1</sup> Engels, *Socialism Utopian and Scientific*, p. 93 (Kerr & Co., 1908).

<sup>2</sup> *Ibid.*, p. 74.

socialism, says that "that only is an unscientific Utopia which, under the new order, expects men to be moved by essentially different springs of action, or contemplates another sequence of cause and effect than that of our actual conditions."<sup>1</sup> Corresponding to this we have Thompson's declared views in the preface to "Labour Rewarded." The object of the following pages "is to aid in bringing about a total change in the present *principle* of society regarding the production, accumulation, and distribution of wealth, and to substitute new principles of action, more tending to universal comfort and happiness. As long as the present principle of action remains, *crisis* will succeed to *crisis*, at intervals more or less distant. . . . The *permanent*, everyday, chronic evils of the system . . . are equally afflictive to the contemplative mind. A new principle of action inherent in the organization of all, compatible with all useful existing motives, but hitherto not only unexcited but repressed by unwise institutions and acquired habits and opinions, must be called forth."<sup>2</sup>

In regard to the "secret of surplus value," it is hard to see how Marx was the discoverer, at least in so far as the mere assertion of the fact goes. In that Thompson certainly anticipates him, but Marx is again original, at least as far as Thompson is concerned, in his attempt to give a minute description of the production and abstraction of this value in the workings of industrial machinery.

It is not well to be too rigid in classifications of this kind, but it seems unwarrantable to call Thompson a scientific socialist when he has all the characteristics that distinguish the Utopians.

In conclusion, it remains to be said that Thompson repre-

<sup>1</sup> Menger, *Right to the Whole Produce of Labour*, p. 111.

<sup>2</sup> *Labour Rewarded*, advertisement.

sents that criticism of economic conditions and questioning of economic distribution which has done so much to alter the spirit of modern investigation. He boldly questions existing distribution and class distinctions which are too easily looked on as of the order of nature. He was a generous advocate of popular education, of the emancipation of women, of the suppression of occupations breeding disease and other reformatory measures of the day. But to him each of these reforms could best be accomplished by the radical social changes which he advocated.



## CHAPTER III

JOHN GRAY

- A Lecture on Human Happiness. London, 1825.  
A Word of Advice to the Orbistonians. 1826.  
The Social System. Edin., 1831.  
An Efficient Remedy for the Distress of Nations. Edin. and Lond.,  
1842.  
The Currency Question. Edin. and Lond., 1847.  
Lectures on the Nature and the Use of Money. Edin., 1848.

### I. INTRODUCTION

#### (a) *Life*

For the purpose of defending the originality of his ideas Gray added as an appendix to "The Social System" a short history of his career. It appears that he spent five years at the Repton school in Derbyshire, where he says that in spite of the excellent opportunity to become proficient in Greek and Latin, he devoted himself to boyish sports. At fourteen he went to London, where he entered upon "the performance of such duties as boys, who have nothing but their own industry to depend upon, have usually prescribed to them in a large manufacturing and wholesale house." In the metropolis Gray found abundant food for reflection. "Something is wrong, some enormous error exists among this moving mass of flesh and blood, was an opinion which soon formed itself upon my mind," he informs us, ". . . and an indefinite suspicion that the commercial proceedings of mankind were at variance with the whole system of nature, and that God could never have intended his creatures to be the mere stumbling-blocks of each other, as I saw them to

be at every step I trode.”<sup>1</sup> The habit of speculating on the evils of society, begun at this early date, Gray continued through an increasingly prosperous commercial career. It led him in 1815 to go to Scotland in order to assist in the management of Owen’s communistic colony at Orbiston. He soon gave up this venture, however, and published a criticism of the colony, very shrewdly commenting on the difficulties bound to ensue from the attempt to govern a miscellaneous gathering of individuals as if they had been trained in the ideal environment of Owen’s scheming. Gray remained in Scotland, where he engaged in various newspaper and advertising ventures.

In 1825 he published a “Lecture on Human Happiness” emphatically socialistic in tone. In later years he devoted himself to a scheme of monetary reform and repudiated any connection with socialism, although he remained more a socialist than he realized. His writings are filled with quotations from the economists, more especially from Adam Smith, on whose authority he based the labor theory of value, and from James Mill and McCulloch.

#### (b) *Purpose*

Gray introduces his plan of social reorganization with a plea for a hearing in the form of a defense of progress. In this part of his argument he is singularly persuasive and modern in tone. His ideas accord indeed with the purpose of organizations quite recently formed for social amelioration. “It is in vain,” he writes, “that the benevolent attempt to improve the condition of their fellow-creatures by perpetually striking at effects. It is to causes that attention must be devoted before any permanent good can be done in society. . . . Let societies be formed for the pur-

<sup>1</sup> *The Social System*, p. 338.

pose of *annihilating the causes*, whence the evils of mankind arise,—societies, not to relieve the miserable, but to abolish the causes of misery; not to assist the poor with money, but to abolish the causes of poverty.”<sup>1</sup> This is well designed to enlist the sympathies and coördinate the efforts of investigator and reformer. But Gray had the radical’s defect of eagerness. He emphasized the need of *annihilating*, not of discovering, causes. His dictum, “It is not so much what is, as what ought to be, which is the legitimate object of the political inquirer,”<sup>2</sup> states almost in their words the sentiments of Thompson and Bray. This easy assurance in regard to “what is” is due to the fact that each of these men had his own intuitional diagnosis of social ills and his own particular remedy.

## II. ECONOMIC ANALYSIS

### (a) *Productive and Unproductive Classes*

The point of departure in Gray’s reflections on social organization is in his assertion that labor creates all things.<sup>3</sup> According to the “Lecture on Human Happiness,” “The foundation of all property is Labour, and there is no other just foundation for it.”<sup>4</sup> With this conviction as his basic idea, he was impressed with two other phenomena of the industrial world, both of which were emphasized by the economists whom he read. The first of these was the phenomenon of exchange. The propensity to exchange he considered the distinguishing peculiarity of man, which had enabled him to leave “brute creation” such an immeasurable distance below him. “Barter alone is the basis of soci-

<sup>1</sup> *Human Happiness*, p. 6.

<sup>2</sup> *The Social System*, p. 7.

<sup>3</sup> *Ibid.*, p. 56.

<sup>4</sup> *Human Happiness*, p. 34.

ety,"<sup>1</sup> and on the just regulation of exchange, therefore, depends the character of social institutions.

In the "Lecture on Human Happiness" Gray promised to publish at a later date a system of reform founded on a new principle of exchange, but at the moment he offered the public a plea for coöperative communities of the Owenite type. This plea he founded on the second of the phenomena referred to, the fact that society exhibits two industrial classes, the productive and the unproductive, to the former of which alone he attributed the creation of wealth.

The distinction between the productive and the unproductive classes had long been traditional in English economics. The economists had used it with more or less didactic intent, but it remained for the socialists to found on it a charge of injustice against the industrial world. Gray limited the productive classes to those who by manual labor produced material wealth; all others, proprietors, professional men and fund-holders, were classed as unproductive. Into this classification he inserted a cross division by calling those members of the productive class who produced luxuries and unnecessary services "useless," and by selecting a limited number of directors from the unproductive class as "useful." It is interesting that John Stuart Mill later made a division very similar to this. Gray used it to enlarge his productive class by adding to it the "useful unproductive." As the selection of the useful was quite a matter of his private judgment, Gray's classification is not without a touch of humor.<sup>2</sup>

<sup>1</sup> *Human Happiness*, pp. 5-6.

<sup>2</sup> Into the unproductive class Gray put all the nobility and gentry, excepting, however, the royal family—one-half of the civil servants, one-half the army and the navy, all "eminent clergy," lawyers, judges, and larger freeholders, half of the lesser freeholders, three-fourths of the merchants, etc. *Human Happiness*, pp. 22-25.

With this division in mind and on the basis of Colquhoun's statistical study, "The Wealth and Resources of the British Empire," published in 1814, Gray made a chart of English society. This chart divided occupations into fifty-one classes; gave the number engaged in each class, the number of these to be considered as productive and as unproductive, and the income allotted to each class. By subtracting from the whole population its unproductive members and dividing the national produce by the remainder, Gray obtained the per-capita produce of each productive laborer. This produce amounted in value to £54 annually, whereas the laborer received according to Colquhoun's figures only £11.

The productive class, Gray concluded, received only a trifle more than one-fifth of their produce, while the remaining four-fifths were absorbed by landlords and capitalists.<sup>1</sup> To this demonstration he had to add only the declaration that laborers have the right to enjoy the whole produce of their industry to establish his case for socialism. He undertook, however, to consider more particularly rent and interest, the unearned incomes of the proprietary classes.

(b) *Rent*<sup>2</sup>

Gray begins the discussion of rent in the "Lecture on Human Happiness" by denying that individuals have the right to own land. The earth, he declares, is the natural inheritance of all mankind, in which "all have an equal right to dwell."<sup>3</sup> Logically he should have followed this declaration with the advocacy of communal ownership, but this would have been a position at variance, from the point

<sup>1</sup> *Human Happiness*, p. 20.

<sup>2</sup> *Ibid.*, pp. 35-37; *Social System*, pp. 293-298.

<sup>3</sup> *Human Happiness*, p. 35.

of view of justice, with the labor theory of value; for, as we have several times had occasion to point out, it is impossible to reconcile communal possession with the right of each to claim his own product. Gray therefore let the right of all to inherit the earth hang loose, and conceded the right of a man to entitle himself to the possession of land by its cultivation. The produce of the soil, he roundly averred, is the property of those whose labor brings it forth. But property in land must cease with the labor on which it is based; a man has no right to capitalize his title. "Suppose a man has entitled himself to the possession of land by cultivation, and that at some future time he wishes to dispose of it, is he not entitled to some remuneration for having improved it? . . . Then here is the remuneration he ought to receive, viz., the value of that quantity of manure, and of that quantity of labour which would be required to convert the land from the quality it was to the quality it now is."<sup>1</sup>

Thus Gray would make the income from land depend on labor. He would do away with the landlord class who derive rent from mere possession. He would introduce a system of small farms, for the right to ownership by cultivation would turn all farm laborers into proprietors.

By his assertion that agricultural produce is due to labor alone, Gray by implication denies the existence of economic rent, the existence, that is, of a portion of the produce directly attributable to the land. In the "Social System," written six years after the publication of the "Lecture on Human Happiness," from which the argument up to this point has been summarized, he did however recognize this rent. He defines it as the difference in product between a good and an inferior soil, and even anticipates modern dis-

<sup>1</sup> *Human Happiness*, pp. 36-37.

cussion in urging against McCulloch that rent does enter into price. What, he asked, is the difference between cost and price if it be not rent? "If the landlords did not take the rent, the tenants would."<sup>1</sup> In the years following the writing of the "Lecture on Human Happiness" Gray had modified, it is evident, his earlier belief that labor is the sole source of wealth so far, at least, as to admit the specific productivity of the soil. In this connection it is interesting to note that his remedy in his later books is to dispossess the landlord, not in favor of the cultivator, as was his earlier plan, but in favor of the nation. He urged that land become national property and the costs and the products of cultivation be divided among all "bread-eaters."

Thus Gray virtually advanced the existence of rent as a reason for land nationalization. He held that rent ought to belong to the nation because it is not wholly due to the labor engaged in cultivation. He did not, however, go so far as Henry George or certain modern socialists; he did not allege that rent is a social product. It is a distinct advance in the economic aspect of socialism to base the plea for the national ownership of land, not on the abstract right of all to the earth, but on the recognition of the existence of a product not directly attributable to the labor of agriculturists.

(c) *Interest*<sup>2</sup>

To interest Gray referred only briefly. He regarded it as part of the product of laborers unjustly taken from them. He did not mention, not even to controvert, the possibility that capital might be productive. He held, as Bray did after him, that to live on one's property ought to be to consume what had before been accumulated,—“as the bee

<sup>1</sup> *Social System*, pp. 296-297.

<sup>2</sup> *Human Happiness*, pp. 37-40.

fills her hive in the summer, and consumes the product of her industry in the winter." He imagined a man who had filled his store-room full saying to his fellows:

"Gentlemen, having an abundant stock of produce, I will work no more, I will not, however, consume any portion of it; but you, who have accumulated nothing, shall labor still, and I will consume the produce as fast as you can create it." The others would, certainly, look upon this as a singular kind of proposition. Strange, however, as it may appear, society, as it is now constituted, not only proposes this, but is actually practicing it to the extent of many millions annually.<sup>1</sup>

Gray turned this reasoning to account as an exploitation theory of interest. "Either a man *is not* the just proprietor of the produce of his own labour," he pointed out, "or there is no justice in requiring interest for the use of money! It is totally impossible for both of them to have any foundation in justice."<sup>2</sup>

#### (d) *Competition*

Toward the competitive system Gray assumed in his early works an unqualifiedly hostile attitude. He opposed it on both moral and economic grounds. "The division of interest in the employment of capital is of itself sufficient to annihilate every amiable feeling," he wrote, "to reduce man to a character below the brute, and to render him the most callous of created beings."<sup>3</sup> It awakens the principle of self-love and brings it into conflict with benevolence; it makes the interest of one man the obstacle and stumbling-block of another.

From the economic point of view he found the competi-

<sup>1</sup> *Human Happiness*, p. 38.

<sup>2</sup> *Ibid.*, p. 39.

<sup>3</sup> *Ibid.*, p. 45.



tive system "the tremendous engine of mischief which is the curse of the human race." He charges it, in the first place, with responsibility for the existence of large numbers of the unproductive class, for, since it increases the number of business establishments, it increases necessarily the number of directors and superintendents. Small establishments prevent, in the second place, the economy attendant upon the introduction of machinery and the division of labor which a large-scale coöperative industry would introduce,<sup>1</sup> and they entail besides unsocial expenditures, as for advertising, ornamental shop-fronts and other methods of attracting attention to individual wares.<sup>2</sup> Finally he found that it is competition which causes the collection of the great tax on the laboring class constituted by the unearned incomes, rent, interest and profits.

Competition is thus the cause of social waste and of the unjust distribution of wealth. To these two charges Gray added a third, namely, that it prevents production from being the cause of demand. This evil he later attributed to the monetary system, but in the "Lecture on Human Happiness," by curiously superficial reasoning, he connected it with competition. The productive and the purchasing power of society ought to be equal, he argues, but competition, by reducing wages to a subsistence level and interest to a minimum, reduces the social income<sup>3</sup> or demand, below the productive power of society. Thus industry is paralyzed and poverty produced when need and the means of its satisfaction coexist.

Gray's reasoning here seems to be founded on a half-comprehended reading of the economists. It is true that Ricardo wrote as if progress would eventuate in a station-

<sup>1</sup> *Social System*, p. 525.

<sup>2</sup> *Human Happiness*, pp. 32 et seq.

<sup>3</sup> *Ibid.*, pp. 62-67.

ary state. But he based his opinion on the expectation of the exhaustion of national resources and the failure of the motive to accumulation. With him the diminution of interest and profits acted as a cause to put an end to the creation of capital; while the diminution in the per-capita supply of capital and of land caused the subsistence wage. Gray lumped diminished wages, interest and profits together as causes of a shrunken national income, omitting the consideration of the supply of capital and land. He seems to imply that with resources undiminished there could be a simultaneous fall in all incomes without a rise in the purchasing power of any of them.

The remedy for these evils of competition Gray found in the creation of a "controlling and directing power to take in hand the whole of our commercial affairs."<sup>1</sup> He refers to a notion which appears to prevail amongst mankind that there exists in the social system a self-regulating principle and denies emphatically the existence of any such principle. He urges, not only in the "Lecture on Human Happiness," but in "The Social System," the creation of boards of managers to regulate manufacturing and wholesale industry on the principle of association in the employment of capital.<sup>2</sup> Even as late as 1842 Gray was still advocating the scheme of coöperative industry which he had elaborated in "The Social System." But in the "Lectures on Money," published in 1848, when his interest had been absorbed in perfecting the technical details of his financial reform, he for the first time changed his opinion. Then he thought that competition would adjust industrial wages "with sufficient accuracy,"<sup>3</sup> and found it beneficial that it should act as a spur both to masters and men.

<sup>1</sup> *Social System*, p. 232.

<sup>2</sup> *Ibid.*, p. vii.

<sup>3</sup> *Lectures on Money*, pp. 159-160.

(c) *Theory of Population*<sup>1</sup>

Like the other socialists under review, Gray attacks Malthus's theory of population. He gives three reasons for believing it to be founded on error. In the first place, he brings forward the belief that nature would not universally implant the sexual instinct if its satisfaction meant disaster. He denies, in the second place, Malthus's contention that all animated life tends to increase beyond subsistence. His proof is that birds and beasts maintain something like a permanent proportion to each other. The point at issue, and into it Gray does not go, is how the proportion is maintained. His third point is an attack on both the famous ratios. Malthus had not proved, according to Gray, that population tends to increase at a geometrical ratio; indeed, the ascertainment of what that ratio would be under most favorable circumstances would constitute an "endless" task. The assertion that food increases at an arithmetical ratio is "purely unreal." The quantity of food depends on effectual demand, and the real need therefore is for a secure market. For a long time, Gray holds, emigration will be a sufficient remedy for over-population.

In regard to emigration<sup>2</sup> Gray had some interesting ideas. He urged the creation of a bureau to supply the emigrant with information about favorable localities and to indicate where need for the various kinds of labor existed. Experience has proved the advisability of such bureaus, and possibly the recent establishment by Italy of an agency of this sort may stimulate other European nations to a care for their departing citizens. In another suggestion Gray was not so practical, for he favored emigration in companies large enough to form self-sustaining colonies.

<sup>1</sup> *Social System*, ch. x.

<sup>2</sup> *Ibid.*, pp. 221-225.

## III. MONETARY REFORM

After the publication of the "Lecture on Human Happiness" Gray became increasingly confident of the importance of his principle that production ought to be the cause of demand. Industrial ills exist because men have reversed this relation and made demand the cause of production. At first, as we have pointed out, he regarded this condition as one of the many evils of competition, but after his early essay he changed his opinion and located the evil in the monetary system. He assumed in regard to this discovery the attitude of a champion. He challenged debate, orally or through the press, with all comers. He distributed gratuitously twelve hundred copies of his "Lectures on the Nature and Use of Money," but took occasion in the preface to express the hope that this act of generosity would not induce the press to review the book with "more than usual leniency." He offered to hurry a copy through the press, in advance of its publication in England, for the use of the provisional government of France, but received no recognition for this proffered service.

Gray lived through an era of falling prices. The period of contraction and trade depression which had set in after the Napoleonic wars was not finally terminated till the new supplies of gold coming in after 1849 gave prices an upward trend. Gray's famous cry, production limited by demand, was his description of the hesitating and cautious business methods characteristic of such a period. He saw that the manufacturer and the merchant refused to accumulate large stocks on a falling market, although, as it seemed to him, the resources and the needs of society remained the same. Thus he reasoned that the want of an adequate medium of exchange shackled industry. Oblivious of the influence of the rapidity of circulation on the purchasing power of money, he concluded that industry could never reach its

maximum expansion until the quantity of money issued was made to equal the sum of all values existing in the market. It was obvious to him that no one valuable commodity, as gold or silver, could be increased as rapidly as the sum of all other commodities; therefore, he argued, the medium of exchange should have no intrinsic value. By using a gold-based currency we have consented, he wrote, "to restrict the amount of our physical means of enjoyment to that precise quantity, which can be profitably exchanged for a commodity, one of the least capable of multiplication by the exercise of human industry of any upon the face of the earth."<sup>1</sup> He proposed as a remedy to issue a "representative" paper currency whose volume could be made to equal the sum of all values created.

Gray planned in great detail a commercial society to embody this principle of currency. It was to comprise a banking system on the one hand, and a series of allied factories, public warehouses, and wholesale depots on the other. It was to be administered by a board of salaried managers, who were to have general charge of the society's property and to decide what articles the factories were to produce and in what quantities. The master manufacturer in charge of each factory was to have the duties of a superintendent with the power of selecting his own workmen. When his product was complete he was to deposit it in a public warehouse and to receive from the society banker in paper currency its full value reckoned in labor time. When the goods were taken by a merchant from the warehouse, the currency of which they were the base was to be destroyed. Laborers were to receive a minimum wage with bonuses for superior work. This system Gray conceived of as starting with the modest capital of fifty millions sterling, to be subscribed by

<sup>1</sup> *Lectures on Money*, p. 29.

the government, and gradually spreading until it comprised, with the exception of dealings in "perishable" articles, all the manufacturing and wholesale industry of the British Isles.

Gray regarded this system as a mere monetary reform, and he repudiated any connection with socialism.<sup>1</sup> Yet it is obvious that it agrees to a large extent with the program of the state socialists of to-day. It provides virtually for the state control of industry; it eliminates interest<sup>2</sup> and profits; it bases its system of wages and prices on the labor theory of value. Gray remained more of a socialist than he knew, in spite of the fact that his conscious desire to alter the form of society lapsed after his early interest in the Owenite movement. In his later years his interest in currency problems became so emphasized that he overlooked the significance of the social changes which his monetary scheme involved.

#### IV. CONCLUSION

Gray's socialism is founded on a logical deduction from the labor theory of value and the laborer's right to his whole product, reasoning which is common also to the other socialists in the group we have been treating. To this economic argument he united the belief in a designed as against a spontaneous social development; a belief which may be said to constitute the political argument for socialism. His chief significance, however, lies in the early and vigorous plea for social change contained in the "Lecture on Human Happiness."

<sup>1</sup> *Lectures on Money*, p. 90.

<sup>2</sup> In *The Distress of Nations* Gray suggested that interest-bearing funds might be provided for the investment of surplus revenue, pp. 94-5.

## CHAPTER IV

THOMAS HODGSKIN

1787-1869

An Essay on Naval Discipline. 1813.

Travels in the North of Germany. 1820.

Labour Defended against the Claims of Capital. 1825.

Popular Political Economy. 1827.

The Natural and Artificial Right of Property Contrasted. 1832.

### I. LIFE

AMONG the group of English socialists with whom we have been dealing, Thomas Hodgskin alone has been made the subject of a special study. M. Elie Halévy published in 1903 his admirable monograph, which presents the history of Hodgskin's ideas on politics and economics, and the details of his outward life as well. The brief notice of Hodgskin's career which follows is mainly a summary of M. Halévy's narrative.

Thomas Hodgskin was born December 12, 1787, at Chatham near London. His father was a storekeeper in the commissary department of the Admiralty. When his son had reached the age of twelve, he entered him as a cadet in the navy. After serving thirteen years and attaining the rank of lieutenant, Hodgskin was retired at half-pay, because, as he states it, "I complained of the injury done me, by a commander-in-chief, to himself, in the language that I thought it merited."<sup>1</sup> In the following year, 1813, he published, as a protest, "An

<sup>1</sup> *Essay on Naval Discipline*, p. xiii.

Essay on Naval Discipline," in which he complained of the brutality of the punishments administered in the service, the unchecked power of superior officers, and the system of pressing.

Possibly it was this essay which brought Hodgskin into connection with the London radicals, as M. Halévy suggests,<sup>1</sup> and it is certain that by 1815 this connection was well established, for he was sending long letters from the continent to Francis Place. From this year till the end of 1818 he occupied himself traveling through Europe, visiting mainly on foot France, Italy, Tyrol, Switzerland and Germany. In 1820 he published two stout volumes of his impressions and observations in Germany, giving particular attention to Hanover because of its dynastic connection with England.

On his return from the continent Hodgskin spent some years in Edinburgh, where he attempted to gain a livelihood by writing for the reviews. In this enterprise he was on the whole unsuccessful; his "Germany" brought him no money; he was discouraged and unable to see a future for himself. He had married, moreover, shortly after settling in Edinburgh, and was unable to support his wife. Through the efforts of Place and James Mill he obtained at the end of 1822 or by 1823 the place of parliamentary reporter on the *Morning Chronicle*, the radical of the London newspapers,<sup>2</sup> from which time his affairs took a better turn.

In London, Hodgskin at once interested himself in the welfare of the working classes. He founded in co-operation with a Scotchman named Robertson the *Mechanics' Magazine*,<sup>3</sup> a popular weekly designed to provide for laborers a summary of scientific and indus-

<sup>1</sup> Elie Halévy, *Thomas Hodgskin* (Paris, 1903), p. 12.

<sup>2</sup> *Ibid.*, pp. 73-75.

<sup>3</sup> *Ibid.*, p. 80.



trial progress and "the science of the creation and distribution of wealth." Hodgskin was connected with the editing of this magazine until about 1829, when he broke with Robertson.

In October, 1823, Hodgskin and Robertson became interested in a further project, namely, the foundation of a Mechanics Institute or technical school for laborers. Such schools had been established on the initiative and under the control of laborers themselves in Glasgow, Edinburgh and Liverpool. To ensure the success of the enterprise in London, however, Hodgskin had to appeal to Francis Place, under whose active patronage the Institute rather escaped from his control.<sup>1</sup> Hodgskin became nevertheless a lecturer at the Institute, at which he delivered in all three courses of lectures on Political Economy, on Grammar, and on the Progress of Society.<sup>2</sup> The lectures on political economy slightly modified were published in 1827 under the title, "Popular Political Economy."

Hodgskin had meanwhile been developing his ideas on the distribution of wealth and the right to property. In 1825 he published "Labour Defended against the Claims of Capital" to maintain the right of labor to the whole produce of industry; while in 1832 his "Natural and Artificial Right of Property Contrasted" expressed his criticism of social organization from an extremely *laissez-faire* point of view. These studies, he tells us, were to be only an episode in a larger study of criminal law,<sup>3</sup>

<sup>1</sup> Halévy, *op. cit.*, pp. 83, 89. Dr. Birkbeck advanced £3700 for the enterprise. Brougham advocated the scheme in the Edinburgh Review under the name William Davis. J. Hole, *Essay on the History and Management of Literary, Scientific and Mechanics' Institutes*, pp. 8-9.

<sup>2</sup> *Ibid.*, p. 89.

<sup>3</sup> *Natural and Artificial Right of Property contrasted*, p. i.

which however, he was unable to undertake because necessity—he had now a family of seven children—drove him into a very active journalism. M. Halévy notes<sup>1</sup> that he contributed to the *Morning Chronicle*, *Daily News*, *Courier* and *Sun*. He sent a weekly article to the *Brighton Guardian*. He was one of the editors of the *Illustrated London News*, and for many years he collaborated with Hansard in his reports of parliamentary debates. In 1846 he began writing for the *Economist*, where he had charge of the reviews of new works on social science and economics, and contributed besides many leading articles. Here he had a distinguished fellow worker in the person of Herbert Spencer, who joined the staff of the *Economist* in 1848. That a considerable degree of friendliness existed between the two men, several passages in the “Autobiography” seem to indicate. Spencer notes, for example, that he consulted Hodgskin in regard to the title for his book, submitting two possibilities, Demostatics and Social Statics. Hodgskin approved of the latter.<sup>2</sup>

In 1855 Hodgskin ceased to be regularly connected with the *Economist*, though he contributed between November 1855 and April 1857 a series of articles on criminal law,<sup>3</sup> in which he maintained that the increase of misery is the cause of the increase of crime, and opposed the modern—which he was disposed to call sentimental—tendency of “taking too much care of our criminals.”

After 1860, Hodgskin removed from London into the country. His children had become self-supporting, which

<sup>1</sup> Halévy, *op. cit.*, pp. 142-3.

<sup>2</sup> Spencer, *Autobiography*. (N. Y. 1904) vol. i, p. 413; for evidence of friendship between the two men, p. 398.

<sup>3</sup> Halévy, *op. cit.*, p. 165.

relieved him from the necessity of writing daily for the papers. He died in 1869 at the age of eighty-two. Not a single London journal, M. Halévy records, published a notice of his life or works.

## II. INDIVIDUALISM

### (a) *Jealousy of Governmental Powers*

Hodgskin's occupation as journalist made it necessary for him to speak out on many subjects; to express judgment on the activities of men, the proposals of reforms, and the ideas current in his time. A published record of opinions of this sort is a severe test of consistency, composed as it is of more or less spontaneous reactions in regard to concrete proposals. Hodgskin's sympathies and his theory were singularly in accord, and we find therefore an almost harmonious run of opinions from his early manhood to the end of his career.

Hodgskin began his activity as a writer with a revolt against a discipline that repressed individuality, and to the end of his life he was ever jealously guarding the sphere of individual liberty. He was always on the alert to detect the encroachment of governmental powers. In his early work, the "Essay on Naval Discipline" he expressed the hope that "our people, while they quietly practice lawful obedience, may never cease legally to resist oppression."<sup>1</sup> A year or two later, while traveling through Germany, he remarks that the government-made roads of that country were inferior to the privately built highways of England.<sup>2</sup> He comments on the evil effects of tolls on roads and rivers, of government monopolies, and of trade and guild regulations in the tone of a disciple of Adam Smith. He goes, however, one step beyond

<sup>1</sup> *Essay on Naval Discipline*, p. 215.

<sup>2</sup> *Germany*, vol. i, p. 140.

his master in the opinion that the repeal of (guild) regulations is beyond the function of government. "It ought not," he states, "to be the government which should abolish them. Its interference is above all things to be deprecated, and its only duty on this subject is to refuse to support them, and leave them to be abolished by the rest of the society refusing to submit to them."<sup>1</sup> He objects even to census inquiries as seeming to treat men "something like beasts, in whom their rulers have a property."<sup>2</sup>

In the same spirit Hodgskin opposed in later years a national system of education. As early as 1823, in connection with the foundation of the Mechanics' Institute, he had stated that "the education of a free people, like their property, will always be directed most beneficially for them when it is in their own hands."<sup>3</sup> This sentiment animated a series of articles in the *Economist* which he wrote during the years 1847 to 1853 in opposition to the government plan to extend the school system. A school tax is unjust, he argued, because it falls on those without families for the benefit of those with families; it is unwise because it lessens the motives to exertion of those with families. He was scornful of a "forced system of culture" and considered that it was a step toward continental despotism. In 1852, when the education bill seemed likely to pass, Hodgskin rejoiced that it was not a "comprehensive scheme" which left no play for local variation.

As late as 1855, twenty-three years after the horrors revealed in the Sadler Report on factory conditions had shattered popular reliance on the policy of *laissez-faire*,

<sup>1</sup> *Germany*, vol. ii, p. 185.

<sup>2</sup> *Ibid.*, p. 441.

<sup>3</sup> *Mechanics' Magazine*, no. 7, Oct. 11, 1823, p. 99.

Hodgskin opposed any governmental interference in the relations between capital and labor. The parliamentary regulation of factory hours and conditions he regarded as due to the activity of "meddling philanthropists and factitious demagogues."<sup>1</sup> All kinds of care-taking of one class by another were at variance, he held, with individual independence, and a means of fostering pauperism.<sup>2</sup> It is a striking evidence of the change in public sentiment that the same journal in which Hodgskin so sturdily opposed even minor attempts at social legislation, should now be lending its support to old-age pensions and compulsory industrial insurance. To complete the record of his opposition to the policy of social control, it is only necessary to add that Hodgskin had no sympathy with the attempt to control the consumption of stimulants by means of taxation;<sup>3</sup> that he regretted the governmental monopoly of coinage;<sup>4</sup> that he opposed the punishment of death on the ground that "if Nature do not punish murder with death it must be supposed that—unless the universe is a chaos—she has her appropriate punishment."<sup>5</sup>

(b) *Belief in a Natural Law of Progress by Self-interest and Competition*

Hodgskin was wholly in sympathy, it is evident, with the philosophy of individual liberty which has been generally associated with the names of John Stuart Mill and

<sup>1</sup> *Economist*, 23 June, 1855: Review of Jennings, *Elements of Political Economy*.

<sup>2</sup> *Ibid.*, 18 February, 1854: *Increase of Pauperism*.

<sup>3</sup> *Ibid.*, 23 June, 1855: Review of Jennings, *Elements of Political Economy*.

<sup>4</sup> *Popular Political Economy*, p. 190.

<sup>5</sup> *Economist*, 17 January, 1852: *National Education*.

Herbert Spencer. Like them he stopped short of theoretical anarchy in that he admitted the necessity of governments to "preserve peace, see justice done between man and man, enforce obedience to the laws, and give security to property and life."<sup>1</sup> Like them, again, he was thoroughly adverse to the enlargement of governmental activity beyond the sphere he had marked out. Governments only do mischief, he thought, "when they step beyond these limits, and pretend, whether administered by ancient dynasts or new litterateurs, to rule by their intellectual, political and social ideas."<sup>2</sup> Socialism was to his mind a reaction not a correction of the errors, *i. e.*, over-regulation, of old, merely a new form of pride and despotism.<sup>3</sup>

This position of Hodgskin's was dictated by his belief in the doctrine of natural law. He refers constantly to Adam Smith, and seems to have gained from that master the belief that human laws serve only to obscure the plan and obstruct the working of a natural or divine harmony. The loss and inconvenience entailed by tariffs and trade regulations convinced him of the folly of all attempts at control; just as the expansion and prosperity of trade freed of its shackles was proof to him that there is an abiding order to which human activities will of their own nature conform.

In his theory of how the natural order is to be maintained, Hodgskin is in entire accord with the utilitarians. "Narrow as the principle of self-love has been called, it is the sole motive for the actions of human beings," he wrote in his early essay, and he never deviated from this

<sup>1</sup> *Economist*, 21 October, 1848: *Presumption of the Literary Classes*. p. 1191.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*, March 1, 1851: Review of Hale, *Social Science and Organization of Labour*.

opinion. Not only did he regard self-interest as an acceptable motive of conduct, but he agreed with Bentham in thinking that out of the competition of individual interests a social harmony would emerge. Indeed, so careful was Hodgskin to protect personal liberty that he clung to a belief in natural rights,<sup>2</sup> even though the doctrine had been well exploded by Bentham.

The foundation of Hodgskin's belief in natural harmony was the useful doctrine of the similarity of men.<sup>3</sup> He thought that in a state of free competition, the equal powers of men would prevent any oppression of one man by another; for the power to encroach would not be greater than the power to resist encroachment. Thus if each were to follow his own interest there would result a balanced freedom. Holding to this belief, Hodgskin had a theoretical support for his scorn of the benevolent endeavors of paternalistic governments, for what he called "the puny efforts of lawgivers" and "the absurdity of legislation."

This ideal of freedom of enterprise, of progress by unrestricted competition with government as an umpire in the background to see justice done, while it presents many points of similarity to Thompson's plan of free competition, presents equally significant points of difference. Both men believed that a society governed by free competition would bring about a great equalization of wealth, for both believed in the essential equality of men. But here similarity ceases. For whereas the mere possibility that free competition might result in unequal distribution made Thompson relinquish this ideal, Hodgskin sturdily held to it. Individualist as he was, he held

<sup>1</sup> *Essay on Naval Discipline*, p. 168.

<sup>2</sup> *The Natural and Artificial Right of Property contrasted*, p. 20.

<sup>3</sup> *Essay on Naval Discipline*, pp. ix, x.

that the strong and skilful, should they appear, ought to have the reward of their superior powers. Thompson was urged on to communism by his belief that self-interest and competition are unworthy motives, while Hodgskin not only considered them the sole efficient spurs to action but displayed an individualist's enthusiasm for the self-assertive and hard-hitting virtues.

Hodgskin's position then, to resume the facts presented, is that of one who believes that order and harmony govern the natural world; that man and his activities are part of the natural scheme of things; that the free assertion of individual powers is nature's method for creating the harmony of the whole. He is one of those whose temperaments dictate a belief in the wisdom of men considered singly but who are full of distrust for the wisdom of men considered as an organized collective body. He is one of those who believe in discipline and a hard world for development, in contrast to those who favor a fostering and benevolent social environment. It is to be noted also that Hodgskin's belief is thoroughly optimistic. His natural order is the scheme of a benevolent and foreseeing providence. He is as indignant as any adherent of the natural theology at Malthus's assertion that the following of "nature" brings about a disproportion between the numbers of men and their means of subsistence. Hodgskin's "nature" is cast in the old dogmatic mould of design and preordination.

### III. ECONOMICS

#### (a) *Economics a Science of Natural Law*

Hodgskin's belief in the natural order determined his attitude toward economics. He takes an extremely *laissez-faire* point of view. "The laws which determine the prosperity of nations are not the work of man; they



are derived from the nature of things. We do not establish; we discover them," he quotes from J. B. Say as the motto for his "Popular Political Economy." He considers it a generally admitted fact that "the laws which regulate the production of wealth form part of the system of the universe."<sup>1</sup> Political economy, accordingly, aims at ascertaining the natural circumstances which regulate the production of wealth; takes no notice of the arts of life; and does not presume to dictate laws for the government of society.<sup>2</sup> "It looks on man as part of the great system of the universe, and supposes that his conduct is influenced, regulated, and controlled or punished, in every minute particular, by permanent and invariable laws, in the same manner as the growth of plants . . . and the motions of the heavenly bodies."<sup>3</sup>

Thus it is clear that Hodgskin ranges himself with the "mechanical philosophers" whose coldly investigating spirit had been so repellent to Thompson. He goes so far even as to criticize the economists for abandoning, in regard to distribution, the merely investigating spirit they had so wisely assumed in regard to production. Since Adam Smith, economists have forgotten that there is a natural law not only of production but also of distribution. If legislators could be induced to keep from tampering with the methods of holding wealth; if there could be free ownership of wealth as well as free production, then he holds, that the condition of greatest prosperity would be reached. But Hodgskin's position is nevertheless a radical one. The error of the economists in forgetting the distinction between the natural and the artificial scheme of distribution lies in their concluding

<sup>1</sup> *Popular Political Economy*, p. viii.

<sup>2</sup> *Ibid.*, p. 39-42.

<sup>3</sup> *Ibid.*, p. 42.

that the actual rights of ownership are necessary. To Hodgskin the present laws of property seem based on artificial rights.<sup>1</sup> Capitalists hold property and receive an income due to their holding; is this, he queries, their natural right? To the examination of this subject he felt especially impelled by the employers' opposition to all attempts among laborers to combine.

(b) *Interest*

It was in 1825 in his "Labour Defended" that Hodgskin undertook this inquiry. He attacks the claims of capital on the basis of the labor theory of value. Five years before, indeed, in his essay on Germany he had taken the same position. "The landlord and the capitalist produce nothing," he asserted. "Capital is the product of labour, and profit is nothing but a portion of that produce, uncharitably exacted for permitting the labourer to consume a part of what he has himself produced."<sup>2</sup> This claim in various forms is found in all his works. Labor is the source of all wealth, is the form the statement takes in some places; all exchangeable value is produced by labor, is the form it takes in others.

In his use of the labor theory of value to back the claim of the laborer to the whole produce of industry, Hodgskin is the earliest of the English socialists, for his "Germany" antedates by some years the work of both Thompson and Gray. It is a claim, however, that was very much in the air, and his statement differs in no way from that of his contemporaries. In his discussion of the function of capital as an accumulated wage-fund he makes, on the other hand, a distinct contribution. Capital, he maintains, is not something stored up and held

<sup>1</sup> *Popular Political Economy*, p. xxii.

<sup>2</sup> *Germany*, vol. ii, pp. 97-8.

as a fund ready to be doled out to meet the laborer's need. It is, on the contrary, a stream of goods continually produced, exchanged, and replenished.<sup>1</sup> And in the "Popular Political Economy" he says wages are not paid from capital but are the produce of labor.<sup>2</sup> This is, as Professor Foxwell<sup>3</sup> points out, a significant advance over the classical political economy which has only recently taken its place in the economic theory of the schools.

For the rest Hodgskin depends for proof of the labor theory on the often-repeated argument that it is the co-acting labor, not the lifeless machine, which is to be credited with whatever produce is brought forth.<sup>4</sup> He is, however, occasionally rather ambiguous on this point, as where he writes that "though every portion of capital brings a profit *to its owner*, it depends on the nature of the capital itself, whether it assist production. The capital of the national debt, or the capital lent on mortgage, brings its owner a revenue . . . as well as the capital laid out on the steam-engines and at the same rate of profit, but it has no wealth-creating power."<sup>5</sup> This is an unconscious admission of the productivity of capital, an opinion Hodgskin never meant to express, it is fair to assume, since he is never willing to justify in any way either interest or profit.

In regard to the justification of interest as a stimulus to saving or as the reward of abstinence, Hodgskin says, "I can understand how a right to appropriate the pro-

<sup>1</sup> *Economist*, November 18, 1854: "Review of Rickard's *Population and Capital*."

<sup>2</sup> *Popular Political Economy*, p. 247.

<sup>3</sup> Introduction to Anton Menger's *Right to Whole Produce of Labour*, p. lviii.

<sup>4</sup> *Popular Political Economy*, p. 250.

<sup>5</sup> *Ibid.*, p. 243.

duce of other men, under the name of interest or profit, may be a stimulus to cupidity; but I cannot understand how lessening the reward of the laborer, to add to the wealth of the idle, can increase industry or accelerate the progress of society in wealth."<sup>1</sup> Indeed he goes so far in his reaction against the notion that capital is an accumulated store of goods that he does not consider the act of saving in any way essential to its existence. Only three things are necessary for a nation to possess sufficient fixed capital: Knowledge, namely, for inventing machines, skill for carrying invention into execution, and skill and labor to use the instruments.<sup>2</sup> Interest and profit therefore cannot be considered to increase the quantity of capital, nor would their abolition have the effect of lessening its quantity. For the warning caution sounded by the economists and entertained by Thompson that capital deprived of its reward would migrate to other lands, Hodgskin has only scorn. Can roads, bridges, canals, etc., be exported, he asks.<sup>3</sup> Ignoring the free fund of capital which might be invested in roads, bridges and canals in a foreign country, he concludes that the only capital which can leave a country is the personal possessions of emigrants.

(c) *Wages*

The converse of Hodgskin's theory of capital is of course his theory of wages. As on the basis of the labor theory of value he concludes that capital is unproductive, so he necessarily holds that labor is entitled to the whole produce of industry. Since labor produces all value, labor should obtain all value. This reasoning he bases

<sup>1</sup> *Popular Political Economy*, p. 254.

<sup>2</sup> *Labour Defended Against the Claims of Capital*, p. 18.

<sup>3</sup> *Popular Political Economy*, p. 253.

very explicitly on Ricardo's system of economics. He points out the logical and ethical inconsistency between the labor theory of value and the subsistence wage. The explanation for so glaring an injustice he finds in the historical development of the laboring class.

Personal slavery or villainage formerly existed in Britain, and all living laborers suffer from the bondage of their ancestors. A slave's standard of comfort is used as the test of what the present worker should receive, and because employers have grown up with this point of view they consider the laborer's demand for his whole product as insolent and ungrateful.<sup>1</sup> Hodgskin's contention that capital is not a store of goods feeds at the same time, and from another source, his indignation at this condition. The laborer is able to supply his wants from a steady flow of goods, not because the capitalist has accumulated them in advance, but because the expectation other laborers have of sharing in his product induces them, in the meantime, to prepare the clothing and food he constantly requires.<sup>2</sup> Hodgskin thus ably and conclusively demonstrates the weakness of the classical theory of wages. He shows the injustice of a subsistence wage if it is less than the whole produce of labor, and this point may be considered his attack on the Ricardian theory of wages. His idea of capital as a flow of goods controverts successfully on the other hand the upholders of a rigid wages-fund.

Although Hodgskin believes that the laborer's wage should consist of his whole product, yet he confesses to seeing a difficulty in the practical application of this doctrine. Wherever, he writes, the division of labor exists, the judgment of other men intervenes before the laborer can realize his earnings. There is no longer

<sup>1</sup> *Labour Defended*, pp. 3-4.

<sup>2</sup> *Ibid.*, pp. 9-14.

anything which can be called the natural reward of individual labor. If all labor were free and there were no prejudice in respect to certain kinds of it, one could trust to the higgling of the market for a just apportionment of wages. Both these conditions are unfulfilled in actual society, and the proper method of reform is to strive to realize them.<sup>1</sup>

In dealing with combinations of laborers, Hodgskin makes a further interesting point. While he hopes that combined labor may withhold their profits from capitalists, he holds that the driving from the country of this class who are trained to the conduct of large industry would be a great misfortune. Employers are really productive laborers, "contrivers" he calls them, who ought to receive a wage proportionate to their usefulness. A certain clear-headed quality in Hodgskin which made him question the existence of a wages-fund, induced him thus to do away also with that other cherished feature of the classical doctrine, the distinction between productive and unproductive labor.<sup>2</sup>

#### (d) *Rent*

There is a logical difficulty in believing at the same time that labor produces all value and that the land produces a surplus known as rent. The system of the classical economists embodies, to be sure, both these principles, but there was no difficulty apparent to them because they did not believe literally in the labor theory of value, which, on the contrary, they qualified out of all existence. Hodgskin, on the other hand, upheld the labor theory of value in its crudest form. In criticising Spencer's belief, expressed in the "Social Statics," that justice demands the nationalization of land, Hodgskin

<sup>1</sup> *Labour Defended*, pp. 24-25.

<sup>2</sup> *Ibid.*, pp. 26-28.

wrote that the nationalization would deprive the cultivator of part of his produce, for it is an error to think that the land produces anything.<sup>1</sup> Yet in his "Labour Defended" and "Popular Political Economy" he speaks, with apparent unconsciousness of inconsistency, of a surplus product due to the superior fertility of certain portions of the soil.<sup>2</sup>

This inconsistency is due perhaps to the fact that Hodgskin considered the portion of the landlord of little importance in social distribution. His only interest in the question was to show that the landowner did not, as Ricardo seemed to prove, hold the strategic position in society. His general position is that men ought to own land in private and unrestricted possession, in order that they may obtain the whole produce of their labor. As to the alleged surplus due to fertility, he dismisses it with the remark that "to produce this surplus would not break the back, and to give it up would not break the heart of the laborer. The landlord's share, therefore, does not keep the laborer poor."<sup>3</sup> It is the capitalist who, Hodgskin maintains, holds command over distribution, allowing the laborer his subsistence and the landlord enough to keep all capitalists on a level. Not rent but compound interest keeps the laborer poor.<sup>4</sup>

This doctrine sounds more conservative than it really is, for although Hodgskin holds that the private ownership of land is just and necessary to procure justice for laborers, he holds on the other hand that the production of the whole produce is the only just title to such ownership. The natural right of property in land would apparently be as much land as a man can cultivate. The

<sup>1</sup> *Economist*, February 8, 1851.

<sup>2</sup> *Labour Defended*, pp. 6, 24.

<sup>3</sup> *Ibid.*, p. 6.

<sup>4</sup> *Ibid.*, p. 24.

artificial right preserves to a single owner in the days of an intensive cultivation as much land as was necessary for a chieftain to hold for the benefit of a whole tribe in the days of hunting.<sup>1</sup>

(e) *Population*

The theory of population remains to be dealt with, that great basic thesis of the classical economy. In his early days Hodgskin was in cordial agreement with Malthus and felt sure that his "admirable" "Essay on Population" could not be controverted.<sup>2</sup> Later, as his belief in natural law crystallized, he changed his opinion. An intransigent believer in *laissez-faire*, he could not conceive that the natural increase of man could outstrip the natural increase of his sustenance. He went so far, in the "Popular Political Economy" as to express his belief that the increase of population had caused civilization, and that to its continued increase man must trust for further progress. Inventions are the result of that "necessity to labour, which is the law of our being, and of the natural increase of population. . . . Necessity is the mother of invention, and the continual existence of necessity can only be explained by the continual increase of people."<sup>3</sup> To an increased population he attributes the division of labor and thus indirectly the increase of wealth.<sup>4</sup>

(f) *Progress*

The pessimistic character of the classical economy was the result of its theories of population and rent. Be-

<sup>1</sup> *The Natural and Artificial Right of Property Contrasted*, pp. 63-67.

<sup>2</sup> *Essay on Naval Discipline*, p. 99.

<sup>3</sup> *Popular Political Economy*, pp. 85-86.

<sup>4</sup> *Ibid.*, p. 59, note.



cause of the progressive increase of man, because of the niggardliness of nature, the economists foresaw as inevitable a period when the mass of mankind would be reduced to poverty and only the extremely small class of landowners would enjoy wealth and prosperity. Hodgskin by considering the increase of population as a basis of progress, and the increase of rent as unimportant, looked forward to increasing prosperity. In nothing more strongly than in this attitude toward progress is he opposed to the school of Ricardo. And this attitude was dictated, one cannot but believe, by the necessity Hodgskin was under of believing the natural order beneficent. He could not advocate a complete *laissez-faire* if he thought this policy doomed man to the gloomy condition of the "stationary state." His position was more logical and more uncompromising than that of the economists. Where they advocated non-interference in regard to trade and industry, and did not carry it further, Hodgskin extended the same policy to the growth of population, education and the care of criminals, and would have done away with many accepted governmental activities. Where the economists said that interference was bad but non-interference would merely postpone the evil day, Hodgskin may be imagined as saying that non-interference must lead to a better era, for this is its philosophical justification. If *laissez-faire* works well in trade, it must be held to work well in all directions and to all time. On this robust faith his system rests.

#### IV. CRITICISM OF ECONOMISTS

Hodgskin as critic of the *Economist* had a singularly interesting series of books to deal with. Among others he reviewed as they came out McCulloch's edition of Ricardo, McCulloch's own "Principles," John Stuart

Mill's "Principles" and Spencer's "Social Statics." In many of his estimates of the above works he anticipates strikingly modern opinion. He remarks on Ricardo's subtlety and ingenuity, his "severe and beautiful logic," but finds his outlook narrow and his hypotheses arbitrary. Ricardo viewed all economic phenomena, in Hodgskin's estimation, from the point of view of profits, even advocating the repeal of the corn laws because he considered them disadvantageous to the capitalist. The real benefit to be expected from the repeal was, on the contrary, the collateral benefit of an expansion of trade and an increase of population. His unfortunate blindness to collateral benefits makes much of Ricardo's discussion of taxation arid, and accounts for the fact that he was so little quoted in the economic discussions of the thirties and forties. Ricardo's defect in emphasizing the importance of rent, Hodgskin attributes to the condition of England in his day. He considers Ricardo's most important contributions the discussions of money and the exchanges. On the whole he considers him greatly overrated. One point is interesting as illustrating that Hodgskin did not fanatically insist on pointing out the theft of profit from wages. Facts have shown, he held, Ricardo's error in maintaining that capital and wages vary inversely. Modern inventions have increased the shares of both capitalist and laborer.

Hodgskin's chief criticism in regard to Mill is that the latter, while giving full recognition to the natural laws of production, did not perceive that back of the human institutions governing distribution there is also a natural law. Throughout his reviews Hodgskin is always insisting that there is a natural scheme for all the activities of man; and that this scheme must result in the continual increase of mankind in numbers and happiness.

## V. SOCIALISM

The attempt to answer the question whether or not Hodgskin was a socialist serves to show how much reasoning other than economic goes to make up the philosophy of socialism. Hodgskin very consciously uses the labor theory of value as a basis for an exploitation theory of interest. He openly avows his belief that laborers should receive the whole produce of industry, though he is willing, it will be recalled, to consider master manufacturers and captains of industry as laborers. His position is that ownership of capital as such should receive no income. This constitutes a socialist arraignment of industrial society. It embodies, indeed, the whole of the economic argument for socialism, as it is traditionally presented. But Hodgskin would have been amazed to be classed as a socialist.<sup>1</sup>

Socialism, that is, besides being a criticism of society, is a constructive philosophy of social control. As such it is manifestly very infirmly based on the foundation of the labor theory of value. For, even granting the economic soundness of this theory, there is not a non-individualistic element in it. It is impossible to build up logically a belief in collectivism from the individualistic claim of the right of each man to the product of his industry. This is well illustrated by the fact that the now dominant and anti-socialist theory of economics, the productivity theory, recognizes this claim. The theory of the social control of industry must utilize as its basis the social element in the production of value. Mr. and Mrs. Webb, in making the social production of a surplus

<sup>1</sup> Speaking of socialist complaints abroad he says, "Here we are fortunately spared them by the general, and, we trust, not temporary well-being of the laboring classes." *Economist*, 27 December, 1851: "Review of McCulloch's *Treatise on Wages*."

or rent the economic foundation of their socialism,<sup>1</sup> have shifted this theory to a logical basis.

It may be said that the economic element in socialism is not exhausted until the machinery of distribution has been dealt with. Competition is the mechanism on which the economist of the individualist school relies to award to each man his just product. The socialist distrusts this method, and would substitute for it a consciously designed system of wages. Hodgskin would then be, even in his economics, not wholly a socialist. For he would trust, as we have pointed out, the distribution of wealth, without reserve, to the higgling of the market.

In that larger theory, whether one call it political or sociological, which concerns the relation of the individual to society, the difference between Hodgskin's view and the socialists, is very wide. Hodgskin, as has been shown, would reduce to a minimum just short of anarchy the social control of the individual. He rejects the possibility of a purposive human shaping of progress. He stands, on the contrary, for an extreme statement of the individualist platform: self-interest, competition, *laissez-faire*, natural rights and natural law. With Hodgskin then the socialist, whether of the earlier idealistic type or the opportunist state socialist of to-day, could find few points of sympathy. There is an impassable gulf between those who put all faith and those who put no faith in the emergence of social harmony from the unrestricted play of human activities; between those who believe in social and those who believe in private judgment.

It is obviously necessary for the socialist, since he would stress social control, to emphasize at the same time social responsibility. He tends to seek in environ-

<sup>1</sup> *History of Trade Unionism* (Lond., 1904), pp. 146-147.

ment, both natural and social, for the causes of human good or ill. His method of reform, therefore, is to perfect environment. Here again Hodgskin is opposed to the socialist. He minimizes the importance of natural environment,<sup>1</sup> and finds social environment so far as it consists in legislation or the conscious formation of standards as detrimental to progress. His method of reform is to repeal all restrictions on the free play of individual activity and to trust to innate laws of human nature to produce civilization and human happiness. It is interesting that Hodgskin offers as proof of the existence of natural law the statistics of deaths, births and marriages, as showing an orderly succession of human events whose orderliness could not be traced to human enactments.

It would seem a fair estimate of Hodgskin's position to say that he agrees to a certain extent with socialists in his criticism of actual society. But in his constructive theory and his hope for the future, he is more nearly allied with Bentham than with even the predecessors of Karl Marx.

<sup>1</sup> "Now we want to know all the circumstances which influence the productive power of labour, the prosperity or decay of nations, and, in a general sense, the opulence and poverty of individuals; and to ascertain all these circumstances is the great object of political economy.

"It is, however, not a little remarkable that we may at once reject from our inquiries all the physical circumstances, and all material things not inherent in man himself, and not created by labour, which are supposed in general to influence most strongly the prosperity of our race." *Popular Political Economy*, p. 15.

## CHAPTER V

### JOHN FRANCIS BRAY

Labour's Wrongs and Labour's Remedy. Leeds, 1839

OF Bray's life nothing is known. Professor Foxwell surmises that he was a journeyman printer,<sup>1</sup> and G. J. Holyoake, who was on friendly terms with so many of the radicals of his day, mentions only that the co-operators of the time were well acquainted with his "energetic little book."<sup>2</sup>

#### I. BRAY'S RADICAL POINT OF VIEW

Bray published his "Labour's Wrongs and Labour's Remedy" just after the organization of the Chartist movement. The spectacle of this agitation filled him with indignation against the conservatives for their opposition and with scorn for the agitators because of the inadequacy of their reform. He has the radical's impatience with social inertia and with all merely reformatory measures as well. Courage to change fundamentally the form of society is the article of his faith. "Man has made so little progress," he wrote, "because it is in the nature of good or bad forms of government, and institutions, and states of society, to perpetuate themselves and keep successive generations in one continuous mode of thinking and acting. . . . Had the landmarks of Europe

<sup>1</sup> Menger, *Right to Whole Produce of Labour*, p. lxxv.

<sup>2</sup> G. J. Holyoake, *History of Co-operation*, vol. i, p. 224.

always been kept in sight, America would still have been unknown to us.”<sup>1</sup> With probably the six points of the Charter in mind he finds that “there is wanted, not a mere governmental or particular remedy, but a general remedy—one which will apply to all social wrongs and evils, great and small.”<sup>2</sup> The general remedy is to be found by going to first principles.<sup>3</sup> In the search and in the application of the principles when found, Bray asked all “Labour” of all nations to join,<sup>4</sup> in this somewhat foreshadowing Karl Marx’s idea of the International.

## II. ECONOMIC INTERPRETATION OF SOCIETY

In his search for first principles Bray finds that at the root of all social wrong is “*the institution of property as it at present exists*” and consequently that “The Present Arrangements of Society Must Be Totally Subverted.”<sup>5</sup> Political unaccompanied by economic equality is impossible. “What kind of *equality of rights* can there possibly be between the keepers and the kept? There is neither equality of service rendered or received; for the one party *gives all* and the other party *takes all*—and herein lies the essence and spirit of all inequality.”<sup>6</sup> In the United States there is no real equality of rights, for society there is also divided into rich and poor, into producers on the one hand and “livers on plunder and livers on profit”<sup>7</sup> on the other. The United States will go the way of other republics which, because they lacked a stable foundation of economic equality, have failed to maintain political and legal equality.

Bray shows here a much clearer realization than Thompson that the present system of industry must

<sup>1</sup> *Labour’s Wrongs and Labour’s Remedy* (Leeds, 1839), pp. 8-9.

<sup>2</sup> *Ibid.*, p. 8.

<sup>3</sup> *Ibid.*, p. vi.

<sup>4</sup> *Ibid.*, p. 13.

<sup>5</sup> *Ibid.*, p. 17.

<sup>6</sup> *Ibid.*, p. 23.

<sup>7</sup> *Ibid.*, p. 19.

produce inequality of wealth and recognizes, as Thompson failed to do, that such equality of wealth as existed in the United States was a temporary condition. He is also clearer and more emphatic than Thompson in regarding the economic structure of society as its basic foundation. He presents indeed an economic interpretation of the present, and to this extent anticipates Karl Marx. He does not, however, declare that the economic are the dynamic forces of society determining future social changes. Marx would wait on economic conditions, only having the proletariat organized and ready to seize, when it came, the moment for the social upheaval. Bray thought, like Thompson, that social reorganization could be brought about as the result of an educational campaign and by a certain currency contrivance of his own which will be discussed below. Marx relied on revolution and force; Bray and Thompson on peaceful methods of change.

### III. SOCIALISM AS A PHILOSOPHY OF RIGHTS

#### (a) *Nature of Man and its Relation to Environment*

Socialism is an attempt to remedy human ills by creating a just social environment, and socialists are therefore forced to emphasize the dependence of man on environment. Like Owen and Thompson, Bray declares that man is a creature of circumstance. "In respect to character, man has a capacity to be anything, and by turns everything, as circumstances shall determine. . . . Man cannot, therefore, be justly blamed or hated by his fellows for being what the circumstances and influences of his life have made him, whether a bloodthirsty tyrant, or a grasping capitalist, or a crouching slave."<sup>1</sup> Though

<sup>1</sup> *Labour's Wrongs*, p. 114.



Bray states thus unequivocally that man must yield to circumstances "when they are once let loose upon him," yet he declares that through the instrumentality of social institutions man can obtain power to direct the circumstances which he is compelled to obey.<sup>1</sup> The new social system, however, when it is once set in motion by man will again become omnipotent over him and "generate men and modes of action in accordance with its own nature and protective of its own existence."<sup>2</sup> Thus Bray found it necessary, as often is the case when it is sought to maintain the supremacy of one out of two interacting forces, to declare a temporary abrogation of that one. He had, in order to give opportunity for reform, to suspend, for a time, the absolute power of environment over character.

(b) *Nature of Man and its Relation to His Rights*

The nature of the new social system which man is to fashion is to be determined by one essential of human nature which apparently circumstances cannot alter. This is its inherent similarity. All men are equal. They are indeed of "one substance and one nature, they all have the like attributes, and they are all, therefore, equal in respect of their rights."<sup>3</sup> "These rights . . . can neither be given up nor taken away . . . and they are limited in every man, only by the equal rights of every other man. . . . It is an indisputable right of man to live upon that earth on which he has been placed by his Creator; and this right to existence must from its nature be accompanied, in every man, by the right of appropriating to himself the various necessities of life which he can, by his labour, compel the earth to yield him."<sup>4</sup>

<sup>1</sup> *Labour's Wrongs*, p. 116.

<sup>2</sup> *Ibid.*, p. 134.

<sup>3</sup> *Ibid.*, p. 31.

<sup>4</sup> *Ibid.*, pp. 32-33.

From these equal rights there follows the necessity for equal labor,<sup>1</sup> for equal wealth,<sup>2</sup> and for social ownership of land.<sup>3</sup>

Here is a complete case for socialism as a philosophy of rights. Granted Bray's contention that forms of the state are only manifestations of the ownership of wealth and any of the eighteenth-century declarations of the rights of man could be called arguments for socialism. It is only necessary to insert the premise that economic organization determines the political constitution, and it follows that, since men are equal and have therefore equal political rights, a condition of economic equality is necessary. This is of course a condensation of Thompson's argument for equality, leaving out his laborious calculation of utility.

#### IV. SOCIALISM AS AN ECONOMIC ARGUMENT

##### A. Labor

###### (a) *The Principle on which Wages are Determined*

The attempts of the masses to throw off the yoke of poverty, their political agitation and economic unrest had caused their opponents, according to Bray, to attempt self-justification. "To this end have certain individuals examined the ground-work and tendency of the existing system; and their labours have ended in the erection of what is called the science of Political Economy. The founders of this science have gone to first principles—they have reasoned from indisputable facts—and they have proved, clearly and convincingly, that, under the present system, there is no hope for the working man—that he is indeed the bondsman of the man of money—

<sup>1</sup> *Labour's Wrongs*, p. 32.

<sup>2</sup> *Ibid.*, p. 32.

<sup>3</sup> *Ibid.*, pp. 33-34.

and that he is kept so by circumstances which neither his enemy nor himself can immediately control.”<sup>1</sup>

The circumstances which the economists brought forward as the oppressors of the wage-earner were the supply and demand of labor. Whenever working men are out of employment they are told that there is a “glut of labour” and under present arrangements of society, there is always such a glut. The economists explain, Bray continues, that this state of things is independent of government. “They say there is only a certain quantity of capital or money in the country capable of being applied to the purposes of production; that this money, therefore, being thus limited, can only employ a certain number of labourers at 20 s. a week or double that number at 10 s., or four times that number at 5 s.:—that it from hence necessarily follows, that the more labourers there are, the worse it will be for them; and, therefore, the only remedy for this inequality between labour and capital is, for some of the labourers to ‘go out of the market’.”<sup>2</sup> “But even admitting,” he continues, “that the deficiency of money is the true cause of the non-employment of these most unwilling idlers, is there no other remedy than that of starving them to death or transporting them?”<sup>3</sup> Bray finds that the rational plan is not to decrease labor to the limits of capital but to increase capital to the needs of labor. At the same time he maintains that there is in reality no glut of labor at all. Such a glut could not exist unless there were “a repletion of wealth” cutting off demand, or a deficiency of raw material. Actually neither of these conditions exists; instead one is confronted with “the triple contradiction of

<sup>1</sup> *Labour's Wrongs*, p. 41.

<sup>2</sup> *Ibid*, p. 103.

<sup>3</sup> *Ibid*, p. 104.

too many hands, too much raw material, and too little produce.”<sup>1</sup>

In this description of the wage doctrine of the economists—from which one of them he unfortunately does not state—Bray does not suggest at all a rigid wages-fund, but considers the supply and demand of labor to be a relation between the working population and all capital, or, to be quite exact, “capital or money.” A confusion of capital with money, and the later course of the argument shows that Bray did make this confusion, is a serious error. It not only misrepresents the economists but it entirely obscures the facts. It contributes also quite materially to the ease with which Bray is able to find a solution for the difficulty. It must, moreover, be pointed out that the supply-and-demand explanation of wages stated as Bray states it, without any reference to rates of change in the growth of labor or capital or to periods of time, is particularly limp. It takes on definiteness when as with Ricardo society may be considered as in “the stationary, the advancing or the retrograde state.” Moreover, Bray considers that there is “always” a glut of labor while the economists, though they thought there was constant danger of one, considered it inevitable only as the *ultimate* condition when national resources were utilized to the utmost.

Bray denies that wages are low because there is an over-supply of labor. He denies that there is an under-supply of capital. The real cause of low wages is the individual ownership of wealth and the method of rewarding labor unequally. In regard to the latter, however, there is, under the individual system, a certain amount of justification. For since society leaves the individual

<sup>1</sup> *Labour's Wrongs*, p. 105.

to procure and pay for his own education, it is fair that the educated should have a greater recompense. When the state provides education for all, this sole justification for unequal wages will disappear.<sup>1</sup>

(b) *The Principle on Which Wages Ought to be Determined*

The just principle which will cure the great evils of poverty is equal wages for equal labor. Equal labor is an ambiguous phrase which might indicate great variation of remuneration. But to Bray it indicates apparently a uniform wage, a system which rewards all men and all trades alike for equal time of labor. This is not definitely stated, but only one other interpretation, that of measuring labor according to effort, is possible. Bray however, considering men substantially similar, would not regard this as a modification of the time principle. That equal labor means equal time is implied in the statement that "Labour is neither more nor less than labour; and one kind of employment is not more honourable or dishonourable than another, although all descriptions of labour may not appear of equal value to society at large. Such inequality of labour, however, is no argument for inequality of rewards."<sup>2</sup> And again, "whether the labour be equal or unequal, the remuneration should ever be in proportion to the labour, whatever may be the character or the results, or the end of that labour."<sup>3</sup> Thus productivity is unmistakably excluded as a measure of wages.

Equality of reward is to be recommended because it will do away with the moral and physical evils<sup>4</sup> with

<sup>1</sup> *Labour's Wrongs*, pp. 45, 46.

<sup>2</sup> *Ibid.*, p. 44.

<sup>3</sup> *Ibid.*, p. 63.

<sup>4</sup> *Ibid.*, p. 45.

which the records of three thousand years are filled. The interdependence of labor moreover renders such a system essentially just. The inventor of the steam engine and the fireman who tends it are equally indispensable to society. "The results to be produced by the instrumentality of the engine are thus dependent, and equally dependent, upon the labour of all the parties concerned. . . . Thus, although we may entertain different feelings toward the several parties, it does not follow that one should be better paid for his labour than another."<sup>1</sup>

Here is the same difficulty which had blocked the older theory of value, the failure to recognize the difference between the utility of a whole class and that of a particular member of it. Bray fails to distinguish between the importance of all laborers and that of a particular workman.

## B. CAPITAL

### (a) *Origin and Right of Inheritance*

Capital is the sum of all useful or wealth-creating things. It originates in saving. The greater part of present capital has been inherited from preceding generations and ought therefore to be held in trust for posterity and used for the benefit of all.<sup>2</sup> The existing system of individual inheritance however renders capital, which should be a powerful agent for lightening the toil of the worker, an instrument in the hand of his enemy, just as in the control of the capitalist, machinery has only increased his dependence.<sup>3</sup> Yet Bray thinks that individual accumulations can and ought to be made, and indeed that the national capital depends on such saving.<sup>4</sup>

<sup>1</sup> *Labour's Wrongs*, p. 45.

<sup>2</sup> *Ibid.*, pp. 46, 47.

<sup>3</sup> *Ibid.*, pp. 82, 83.

<sup>4</sup> *Ibid.*, p. 47.

What incentive there can be to saving by individuals when the state owns all productive wealth, or indeed what form such savings can take, Bray does not state. His main point here is that inheritance by individuals does account in part for the existence of large private fortunes and that it is an unjust cause.

Not alone is the right of inheritance to be denied, but the process by which inheritable funds are accumulated in the hands of capitalists must be examined. Obviously such funds are not the result of labor, for capitalists do not labor.<sup>1</sup> It is certain, also, that the capitalist does not part with his capital, for his wealth is continually increasing. "The whole transaction, therefore, plainly shews that the capitalists and proprietors do no more than give the working man, for his labour of one week, a part of the wealth which they obtained from him the week before!"<sup>2</sup> The accumulation of capital is no other than a system of unfair exchanges by which laborers, the producers of all wealth, are defrauded of their product. The unfair exchange by which the capitalist gathers his wealth is not confined to the purchase of labor, as with Karl Marx, but may be the result of an unequal exchange of commodities.<sup>3</sup> Until the advantage of every transaction is equally shared by the parties to it, there can be no identity of interest among the different classes of the industrial system. Bray holds that his discovery of unequal exchanges completely destroys the economic harmony which the economists believed they had demonstrated.<sup>4</sup>

#### (b) *Interest and Profits*

Under a system of equal exchanges, i. e., when prices

<sup>1</sup> *Labour's Wrongs*, pp. 49, 50.

<sup>2</sup> *Ibid.*, p. 49.

<sup>3</sup> *Ibid.*, p. 58.

<sup>4</sup> *Ibid.*, pp. 55, 58.

are based exclusively on the labor cost of production, there can be neither interest nor profit. For interest and profit are the names given to the gains made from unfair exchanging. Capital is not "self-generating," and therefore the capitalist who does not replenish his substance by labor is in reality consuming his capital.<sup>1</sup> Bray sees that without capital labor would produce exceedingly meagre results,<sup>2</sup> but since capital is in itself inert he attributes the product of labor and capital entirely to labor.

### C. MONEY

All the evils enumerated above, the existence of poverty, the exploitation of the poor by the rich, the dishonesty of the commercial system, are inherent, according to Bray, in the private ownership of wealth. The remedy for these evils, and the only possible remedy, is the abolition of private ownership. The method is to be that of purchase. In order to explain how the purchase is to be accomplished Bray is brought to the discussion of a theory of money.

The political economists tell us, says Bray, that capital consists of implements of labor, material on which labor is employed, and subsistence of laborers. Money, it is obvious, whether gold, silver or notes, is not included in this classification. Money in fact is not capital but its representative. "It is solely on this account, and not from any inherent quality, that money is valuable; for by means of money, men are enabled, in greater or less portions, to make use of the real capital which they possess."<sup>3</sup> At present notes rest on gold which rests on real capital and there is no real necessity

<sup>1</sup> *Labour's Wrongs*, p. 109.

<sup>2</sup> *Ibid.*, pp. 60, 83.

<sup>3</sup> *Ibid.*, p. 140.



for the intervention of gold.<sup>1</sup> If there were a sufficient issue of paper money—Bray favors at times a currency of pottery—to represent all the wealth in the nation, those thousands who are idle and destitute because there is no money to set them to work, could be rescued. Raw material, machinery, labor, all the requisites of production exist in abundance, and there is moreover, “a universal desire for necessaries and luxuries,” yet because of the want of a sufficient medium of circulation there is industrial stagnation.<sup>2</sup>

At present “banking, or the creation and issue of money,” than which there is no instrument more powerful over man, is in the hands of a limited class. Bankers control the currency, which is plainly an organized system of unfair exchanges, for bankers do not labor and therefore cannot honestly come by the gold they issue. As for the paper, since it has no intrinsic value, it is obviously a method of getting something for nothing.<sup>3</sup>

Money and banking constitute “the great armoury from whence the capitalists derive all their weapons to fight with and conquer the working class; and so long as they have this mighty engine of good or evil at their disposal—so long as the power of making and issuing money is usurped by particular classes, independent of other classes—the moneyed class can bid defiance to political associations, and trades’ unions, and all similar institutions having for their object the amelioration of the condition of the working class, and the effecting of their deliverance from the chains of capital.”<sup>4</sup> “The present system throughout affords the capitalist every possible facility for preying upon the producer; for it is a vile compound of conventional usages which enable him to grind, without ceasing, the face of the working man.”<sup>5</sup>

<sup>1</sup> *Labour's Wrongs*, pp. 143-144.      <sup>2</sup> *Ibid.*, p. 145.      <sup>3</sup> *Ibid.*, p. 147.

<sup>4</sup> *Ibid.*, p. 146.

<sup>5</sup> *Ibid.*, p. 150.

The remedy for these evils is for the productive classes organized by trades, to take over the issue of money and purchase capital from its present holders. Let it be supposed, writes Bray, that "a provisional government of delegates . . . is appointed and convened—that paper money, and a coinage of pottery, bearing the two denominations of amount of labour and amount sterling, is created for the purpose of superseding the present medium, and carrying on the future transactions of society—and that a bargain takes place between the producers thus united and the capitalists, and the fixed capital is transferred from the one to the other."<sup>1</sup> Bray thinks there are no real difficulties in the way of a transaction like this. On the side of labor nothing is required except "union and industry;" on the side of capital, "confidence." "The past, the present, and the future transactions of Capital all depend on Labour for their fulfilment. Such being the case, why should not Labour itself make a purchase? Why should not the bond of *Labour*, to pay at a future time what itself only can produce, be as valuable as the bond of *Capital*, to pay what this very same Labour is to produce? . . . . If security be wanted by the capitalist, that the contract shall be abided by, is the security offered by a people of less worth than that offered by an individual?"<sup>2</sup> It is obvious that Bray's knowledge of the political economy of his day did not extend to what was perhaps its soundest part, Ricardo's quantity theory of money.

#### D. Summary

Bray's survey of economic organization produced the following bases for the advocacy of a socialist system. Labor produces all wealth; capital while essential to the

<sup>1</sup> *Labour's Wrongs*, p. 172.

<sup>2</sup> *Ibid.*, p. 173.

productivity of labor is not itself productive. Labor alone therefore should get a return. Interest and profits are the result of unfair exchanges, virtually stolen from the laborers. They should therefore be abolished. The control of money and banking should be a function of the state, which should issue money in sufficient volume to buy capital from its private holders.

## V. THE JUST SOCIAL SYSTEM

### (a) *Economic Organization*

The social organization which Bray considers both practicable and just is like, he says, a system of allied joint stock companies. The affairs of these companies are to be conducted by general and local boards of trade, much resembling the government by experts which modern socialists have demanded.<sup>1</sup> Laborers are to be paid a uniform weekly wage. Such a "gigantic union of labour and machinery" sustained by a circulating medium of 2000 millions of pounds will, he thinks, reduce the necessary time of labor to five hours.<sup>2</sup> Society must take care that employment is always to be had. Value is in every instance to be determined by cost of production and in no case are producers to suffer for the failure of their efforts, *i. e.*, the loss occasioned by a failure of crops is to be socially borne.<sup>3</sup>

While society is to own the means of production, the individual is to be allowed to save from his earnings.<sup>4</sup> But as neither interest nor profit is to exist in the reformed society, probably the spur to saving would not be great. There would indeed be only one reason for saving, if, namely, one could by foregoing a number of

<sup>1</sup> Cf. G. Lowes Dickinson, *A Modern Symposium*.

<sup>2</sup> *Labour's Wrongs*, pp. 158-160.

<sup>3</sup> *Ibid.*, p. 161.

<sup>4</sup> *Ibid.*, pp. 168, 194.

small pleasures procure a greater one—by economy in clothes, for example, procure a larger dwelling place. But if the direction of production lay entirely in the power of boards of experts, it is doubtful whether articles of luxury for the occasional accumulator would be in the market.

## II. SOCIAL ARRANGEMENTS OF THE NEW SYSTEM

### (a) *Care of Children*

Under the new system there is to be no such limited distinction as that of parents and children. Society is to undertake the physical, intellectual, and moral education of all children, leaving to parents as individuals only the “caressings of parental love.”<sup>1</sup> As long as there is plenty of raw material,—and Bray is not troubled with the idea of its exhaustion,<sup>2</sup>—each child will be a profit to society.<sup>3</sup>

### (b) *Status of Women*

Woman under the new arrangements is to be free and independent, with a status equal to that of man. Freed from economic dependence and political inferiority, women will display those mental powers to which existing social institutions give no opportunity for development.<sup>4</sup> It is hardly necessary to point out that Bray is echoing here the generous sentiments of Thompson.

### (c) *Insurance and Old Age Pensions*

The new society is to form one vast insurance company for the bearing of all losses from fire, shipwreck,

<sup>1</sup> *Labour's Wrongs*, p. 166.

<sup>2</sup> *Ibid.*, pp. 188–189. The considerations which have been entered into respecting the nature and origin of wealth, show that, under the system of community, it will be in the power of society to procure subsistence adequate to meet the wants of all the human beings that may be born for thousands of years.

<sup>3</sup> *Ibid.*, pp. 166–167.

<sup>4</sup> *Ibid.*, p. 167.

or other disasters. Society is to provide for impotence and old age, not as charity but as a "right" well earned by labor. If we take this in connection with the fact that Bray considers it the duty of society to guarantee employment, we see that he is here dealing with those various maladjustments which the economist classes as the friction of change. He assumes that society, organized as he has suggested, will be productive enough to bear all these costs. Public opinion and the natural desire for possessions will, he thinks, be a sufficient spur to labor. The exhaustion of natural resources, a menace ever present to the mind of Ricardo, apparently does not to Bray seem a possibility worth attention. He is unaware, too, that there may be difficulty in the accumulation of capital when the interest of all, of which individuals are frequently so careless, must be relied upon as the sole spur to saving.

#### VI. CONCLUSION

It may be that the Ricardian socialists should most justly be considered as representing a body of opinion transitional between the early Utopian and the Marxian or scientific socialism. If so, Bray should occupy a significant place among them, for he very clearly takes the transitional position. He continues the older tradition in his insistence on the equality or perfectibility of man, a doctrine which may be considered the core of Utopian speculation; while he states as emphatically as Marx himself that economic organization is the foundation which determines the character of the whole social structure. His argument may be summed up in the following statements: All men are equal. All men have equal rights. Equal rights depend on the common ownership of wealth. In this declaration of principles the "scientific" element is in the final statement.

A further economic element in Bray's socialism is his assertion that labor creates all value. This doctrine he holds uncritically and without realizing that there is a discrepancy between it and his implication that capital is productive.<sup>1</sup> His statement that profit and interest are due to fraudulent exchanging is based only on the belief that all gain which is not strictly mutual must be made at the price of a corresponding loss. Karl Marx's explanation of surplus value, if it does in the end rest merely on assertion, betrays at least a knowledge of the difficulties involved in eliminating capital as a productive factor. Though Bray quotes from the economists at some length,<sup>2</sup> the economic process does not interest him, and he has little grasp of its complexities. This could not be better illustrated than by his crude ideas about money.

Like Thompson and the earlier socialists, Bray expects an educational propaganda and the gradual establishment of co-operative industry to usher in the socialist state. Here he stops short of the Marxian logic. Both Marx and Bray declare that economic forces determine social organization. But while Marx logically holds that therefore economic forces will determine social change, while Marx is an economic determinist, Bray expects the change to be voluntarily determined and brought about by the reason of man.

It has seemed proper, therefore, to call Bray typically transitional, because he combines belief in the perfectibility of man and the agency of reason as the method of social reform, with both a very real emphasis on the power of economic forces in determining the form of society, and an insistence on the statement that interest and profits are created by labor.

<sup>1</sup> *Labour's Wrongs*, pp. 60, 83.

<sup>2</sup> *Ibid.*, ch. xiii.

## CHAPTER VI

### CONCLUSION

#### I. RADICAL CHARACTER OF ENGLISH SOCIALISM

IT has become evident in this study of the English socialists that, in spite of differences of opinion in regard to the remedy, they were united in the belief that the actual organization of society was fundamentally wrong. No patch-work of reforms would satisfy them. They demanded an immediate and sweeping change in the rights of property-holding, in the organization of industry, and in the methods of apportioning income. They were spokesmen of the people, advocating their rights against the bulwarked power of the capitalist class. Yet, in spite of the oppressive policy adopted in the period of agitation and discontent following the peace, these socialists never assumed a tone of hostility against the government; they did not make socialism a political movement. Their criticism was destructive of the existing order; their plans of reforms subversive of it; but they expected to create the new society by peaceful means within the framework of the old.

#### II. UTOPIAN ELEMENTS

The adherence to peaceful means and the expectation that the change of social organization would be immediate and consequent upon an educational campaign were characteristics of the Utopian social philosophers, inherited by our group of socialists. Nor were they the

only Utopian characteristics exhibited by them. Thompson more especially and Bray were perfectionists. They harbored ideal plans of life in which, as Holyoake puts it, "idleness and vice, silliness and poverty were to cease by mutual arrangement."<sup>1</sup> With the exception of Hodgskin all of these writers schemed to do away with competition and to replace it with some idealistic motive of human action. With the exception again of Hodgskin, all had had some connection with the Owenite movement and betray in various ways traces of Owen's influence. Thompson, for example, became a firm believer in communism, while Gray's money scheme resembles to a certain extent Owen's labor exchanges. Always with the exception of Hodgskin, who was really an extremist of the Benthamite school, they all planned in detail the government of the future. It may be said, therefore, that all the marks of the Utopian socialism, its lack of historical perspective, its idealistic reasoning, and its belief in the alteration of deeply imbedded social customs almost by miracle, were embodied in the thinking of this first group of English socialists.

### III. ECONOMIC ELEMENTS

But though they carried on the Utopian tradition, these Englishmen introduced something new into the socialist philosophy; they brought forward, that is, the economic argument. It was natural that this new element should be introduced in England where economic theory had been receiving rapid development. Ricardo's *Principles* appeared in 1817, and in 1825 Thompson, Gray and Hodgskin had used the labor theory of value as the basis for the claim of labor to the whole produce

<sup>1</sup> *History of Co-operation*, vol. i, p. 175.



of industry. Bray joined them in this claim, and also asserted with them that interest, rent and profits were unearned and stolen incomes.

#### IV. RELATION TO RICARDO

Although we have said that the socialist use of the labor theory followed hard on the publication of Ricardo's *Principles*, there is no evidence that the socialists were particularly impressed by his teachings. They all of them quote Adam Smith as their authority for the labor theory of value, as indeed Ricardo did himself, and only Hodgskin betrays an intimate knowledge of his work. It may be said, however, that James Mill and McCulloch were read if Ricardo was not, and that the teaching of the master may have been influential through the disciples. But there is nothing in either the tone of these authors or the form of their arguments which points especially to Ricardo. The main protest was made against the payment of interest, which Ricardo gives only a subordinate place in his scheme of distribution, with only a passing attack on the payment of rent which he made so prominent. There is no notice of the manner in which he qualified and limited the application of his theory of value. There is no particular stress on his combination of the theory of rent and the Malthusian doctrine of population to make the outlook for the laborer so unpromising, although Malthus and his ratios were unanimously repudiated. The term Ricardian socialism is probably due to the fact that Ricardo was the dominant figure of a school in which the labor theory of value was a common doctrine.

#### V. RELATION TO MARX

There is no doubt that in the use of the labor theory

of value as the foundation of socialism, Marx was anticipated. But in his use of it he differs from any one of the socialists under review; for while they do little more than make the uncritical assertion, Marx attempts to prove it, to trace out, in the economic process, the formation and distribution of surplus value. They do not even see the difficulty which finally wrecked Marx's system, the difficulty, that is, of explaining why if labor creates all surplus value, profits accrue equally to the employer of much labor and to the employer of much machinery. Marx was moreover free of the Utopian characteristics we have pointed out in the systems of his predecessors. And, at least as far as the English socialists are concerned, he was not anticipated in thinking that increasing poverty, commercial crises and revolution were to be the means of ushering in the socialist state.

There remains to be considered the materialistic conception of history, the last great doctrine of the Marxian system. Bray precedes Marx by some years with the declaration that political power cannot exist without economic power, that the political system is the reflex of the economic. But Marx emphasized this doctrine and made it serve as an interpretation of all historical change, a generalization in which Bray would not have followed him. In regard to both surplus value and the economic interpretation of history, Marx found in writings of the English socialists ideas which he emphasized, generalized and built into a system. His system is like no one of his predecessors' but is a transformed combination of all of them, and especially in the economics of surplus value he made important contributions. Marx discovered a mine of information through the study of the official blue books and it is a curious fact that he, an alien, should

have been the first to turn them into use for the laborers' war.

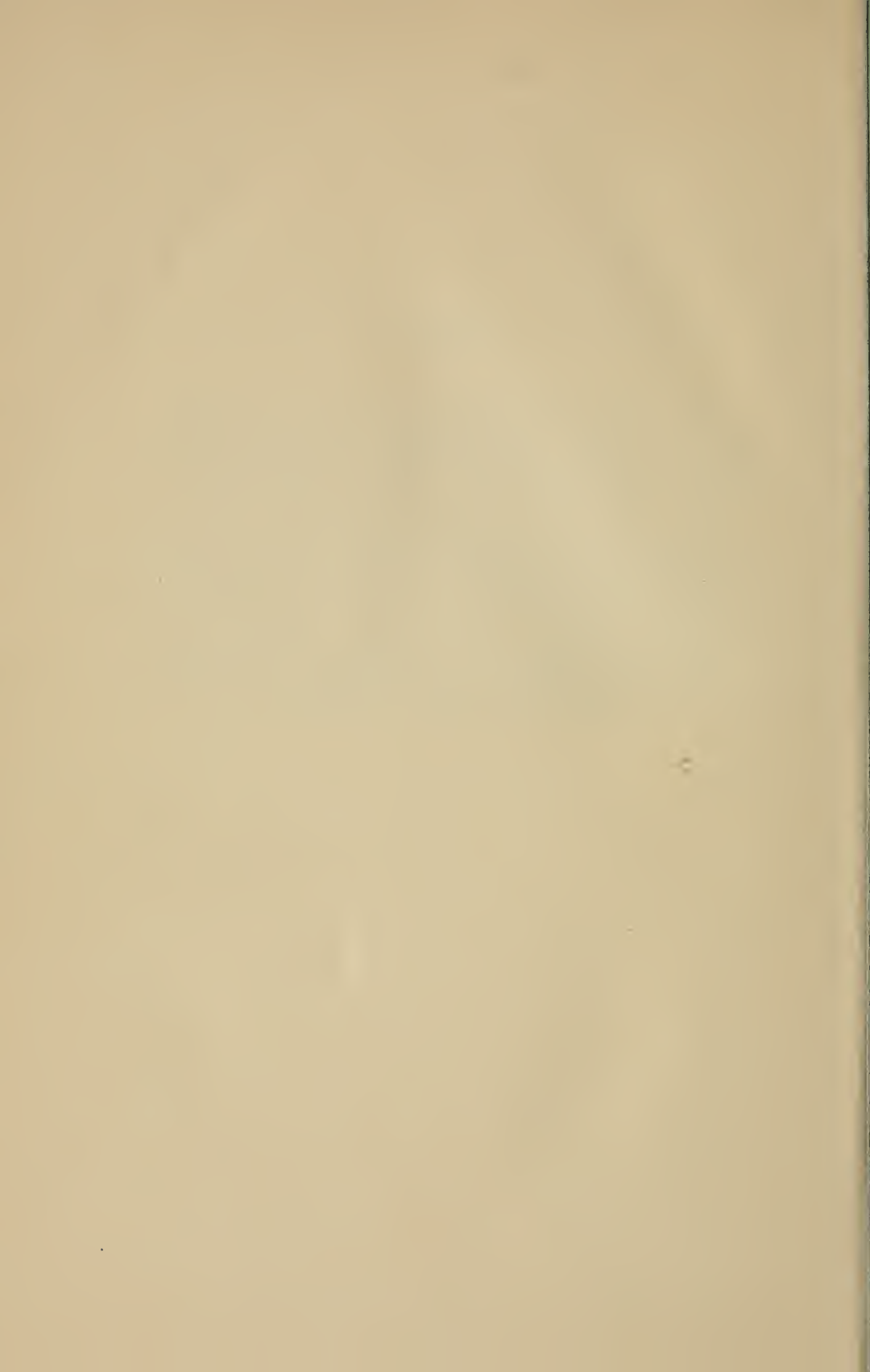
If a final classification of the English socialists as either Utopian or scientific were to be attempted, it is evident that the group would have to be broken up. Thompson and Bray use the economic argument rather as an adjunct than as the real basis of their socialism, and from the emphasis they give to perfectibility and the rights of man ought to be classed with the Utopians. Gray and Hodgskin give the straight economic argument, but neither of them believed in the economic determination of history. Hodgskin politically more nearly resembles an anarchist than a socialist; and Gray, who repudiated socialism, is found to be more than any of his contemporaries of the scientific school. In an earlier chapter we hazarded the suggestion that this group of socialists ought to be considered as transitional between the Utopian and Marxian schools, and characteristic doctrines from both schools seem to be so combined among them that this remains our final characterization.



## VITA

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THE author of this monograph was born in Rochester, N. Y., in 1883. She was prepared for college by Miss Hakes' School of Rochester. She entered Bryn Mawr College in the fall of 1901, and received the degree of B. A. in 1905. From 1907 to 1911 she studied in the School of Political Science in Columbia University, taking her major work under the department of economics, with minors in sociology, history and political theory. She attended the courses of Professors Clark, Dunning, Giddings, H. L. Moore, Seager, Seligman, and Simkhovitch, and the seminars of Professors Clark, Seager and Seligman.





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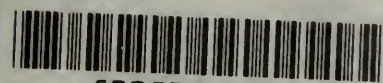
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